

الوقت المالية

# FINANCIAL TIMES

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**OVERSEAS MOVING**  
BY MICHAEL GERSON  
01-446 1300

## WORLD NEWS

### European spacecraft plan starts

Western Europe has formally begun to develop Hermes, a French-inspired manned space vehicle which would be carried into orbit by an Ariane rocket, in spite of UK scepticism that the project might be too expensive and damage the British Hotel project.

The 11 members of the European Space Agency have until the end of November to decide how much to contribute to the \$50m (£35m) design phase of Hermes, which looks like a miniature US space shuttle. Back Page

### Baker backs head

Education Secretary Kenneth Baker told Brent education authority in London to reinstate suspended headmistress Msureen McGoldrick, who was cleared by school governors of making a racist remark.

### IRA kills manager

An IRA gunman killed Kenneth Johnston, 25, manager of a building supplies store at Magherafelt, Co Londonderry, as part of the campaign against people who carry out contracts for the police and army.

### Search aircraft crashes

A US Marine fighter from the carrier John F. Kennedy crashed in the Mediterranean while searching for a submarine-hunting aircraft from the same vessel missing since Tuesday.

### Five kills TV producer

Thames Television producer Alan Stewart, 35, was killed by a landmine while filming in the northern Sudan.

### Manchester air link

Manchester airport is to have a £15m rail link with the city's Piccadilly station with services every 20 minutes at peak periods. Page 3

### Ex-minister to quit

Former Education Secretary, Mark Carlisle, 57, became the 25th Tory MP to say he would stand down at the next general election. Page 3

### Extradition hearing

A French court will consider on Tuesday a request from South Yorkshire police for the extradition of Sheffield solicitor Jan Wood to face charges of murdering his French girlfriend and her three-year-old daughter.

### Spy satellites 'blinded'

Russia has "blinded" at least three US spy satellites using a highly sophisticated ground-to-space laser cannon, according to a West German newspaper.

### 87 held at Heathrow

Eighty-seven people, including 56 from Bangladesh, who arrived at Heathrow in advance of new visa regulations were still being detained, the Home Office said.

### 17 die in train crash

At least 17 people were killed and 53 injured when a passenger train was hit by a string of runaway goods wagons in the north Indian state of Madhya Pradesh.

### Mansell fastest

British racing driver Nigel Mansell recovered from a crash to record the fastest time in practice for Sunday's Australian Grand Prix in Adelaide in which he hopes to clinch the world championship.

### Autumn cheer

English wine growers expect a good, but not great, year with grape harvests 30 per cent to 50 per cent higher than last year. Page 3; Wine column and growing grapes, Weekend XX

### Summer time ends

British Summer Time ends at 2 am on Sunday when all clocks should be put back one hour.

## BUSINESS SUMMARY

### Japanese banks spark dollar surge

JAPAN'S major trading banks delivered a reminder of their power to determine the direction of foreign exchange trading and triggered a wave of dollar buying which took the currency to its highest level for months.

Volume in the Tokyo spot market hit a record \$8.9bn (£6.3bn) as big institutional purchases forced smaller players into the market. Back Page; Money markets, Page 11

### BANK supervisors will try to set a minimum common standard of capital strength for banks which compete internationally. Back Page

US sought to gloss over figures revealing a record \$20.7bn (£15.8bn) federal deficit for the 1985-86 fiscal year. Back Page

### STOCK EXCHANGE trading wound down early yesterday in advance of Monday's Big Bang.

The FT Ordinary Index gained 1.7 to close at 1,251.6, 29.9 down on the week. Stock markets, Page 11

### LLOYD'S of London faces paying \$62.18m (£49m) to Manville.

Manville claims for asbestos-related illness. Back Page

### CBS, US broadcasting and entertainment group, is to sell its educational and professional publishing interests for \$500m (£383.8m) and has tentatively agreed the disposal of its music publishing business. Page 9

### FRANKFURT: big Swedish commercial bank is understood to be negotiating the takeover of Gotabanken, Sweden's fourth largest bank, in a deal that could exceed SKr 4.5bn (£460m). Page 9

### ITALIAN entrepreneur Carlo De Benedetti dismissed the chairman of Cerus, his French holding company, for allowing Sir James Goldsmith to proceed with a rival bid for Presdes de la Cite, France's second largest publishing group. Page 2

### REUTERS HOLDINGS, international business information group, announced plans to acquire Instinet Corporation, a US company with an electronic share dealing system, in a deal valued at \$97m (£68m). Page 8

### US judge granted Allied Stores, a big US retail chain, a temporary restraining order barring Campean Corp, Canadian property developer, from completing the purchase of 25.8m Allied shares. Page 9

### The City Revolution

Monday is Big Bang day, the focal date for the transformation of the financial markets. The Financial Times on Monday will examine every aspect of the changes and changing City in a 48-page survey, the biggest we have published. It will look at the implications of the impact on the domestic securities markets to the international repercussions in Tokyo, New York, and other financial centres.

### MARKETS

#### DOLLAR

New York: DM 2.036 (2.012)  
FFr 6.595 (6.585)  
Sfr 1.673 (1.6725)  
Y161.78 (159.25)

#### STERLING

New York \$1.413 (1.4235)  
London: DM 2.87 (2.84)  
FFr 9.385 (9.2975)  
Sfr 2.365 (2.34)  
Y288 (225.25)  
Sterling index 67.9 (67.5)

#### LONDON MONEY

3-month interbank: closing rate 11 1/2% (11 1/2%)

#### NORTH SEA OIL

Brent 15-day Nov (Argus): \$13.85 (\$14.05)

#### STOCK INDICES

FT Ord 1,251.6 (+1.7)  
FT-A All Share 763.44 (+0.2%)  
FTSE 100 1,371.4 (+4.5)  
FTSE long gilt yield index: High coupon 10.51 (10.56)

#### GOLD

New York: Comex Dec \$402.7 (\$417.5)  
New York \$1.413 (1.4235)

Chief prices changes yesterday. Back Page

# UK cuts links with Syria over airliner bomb plot

BY ROBERT MAUTHNER, ROGER MATTHEWS AND PETER RIDDELL

SYRIA REACTED promptly last night to Britain's decision to sever diplomatic relations with Damascus by sealing off British airspace and waters to British aircraft and ships.

The move followed closely on an announcement by Sir Geoffrey Howe, Foreign Secretary, in the Commons that diplomatic relations with Syria were being cut in retaliation for Syrian involvement in an attempt to blow up an Israeli airliner and its 380 passengers and crew.

The British Government's action was taken immediately after the conviction at the Central Criminal Court of Nizar Hindawi, a Jordanian, who was found guilty of attempting to carry out what the judge called "a horrendous massacre."

Hindawi was sentenced to 45 years imprisonment for duping his pregnant Irish girlfriend into carrying explosives on to an El Al Boeing 747 at Heathrow airport last April.

An official statement issued in Damascus said the Syrian Government, after studying the unjustifiable British decision, had decided to close the British Embassy and the British Council cultural centre in Damascus. Diplomatic and cultural centre staff had seven days to leave the country—half the period allowed to Syrian Embassy personnel to quit Britain.

The Syrian ban will affect 105 British return flights a week over Syria to other Middle East and Far East destinations. There are no direct British Airways flights to Damascus. The Syrian Government has also instructed Syrian Arab Airlines to halt all flights to London.

The Syrian decision pre-

## The allegations against Syria

EVIDENCE produced at Mr Hindawi's trial said:

● He spent some time in a hotel reserved for crew of Syrian Arab Airlines.

● He spent the night after the bomb attempt in Syrian Embassy accommodation where clippings of his hair and hair dye were found.

● He travelled on a Syrian passport under a false name.

● His visa applications were on two occasions hacked by official notes from the Syrian Foreign Ministry.

● He met the Syrian ambassador at the London embassy

after discovery of the bomb.

The Government claims to have independent evidence that:

● The Syrian ambassador was personally involved several months before the bombing attempt in securing for Mr Hindawi the sponsorship of the Syrian intelligence authorities.

● During his detention Mr Hindawi sought to contact Syrian intelligence officials in Damascus with a request for assistance in securing his release.

empted the imposition of tighter security arrangements on Syrian airlines, including special controls on all aircraft and crews and stricter searches of personnel and baggage, announced earlier by the Foreign Secretary.

The Syrian Government statement said: "In full co-operation and co-ordination with the Zionist enemy, the British Government has concentrated its campaign against the Arabs and, in particular, against Syria, which stands firmly in the way of Israel's aggressive and expansionist policy in the Middle East."

Sir Geoffrey said that Mr Hindawi had been convicted of a "monstrous and inhuman crime." There was clear evidence of Syrian involvement with the convicted man.

The Foreign Secretary detailed the official Syrian role both in London and Damascus which led to yesterday's announcement.

The US and European nations

have several times suspected Syria of aiding terrorist groups, but this is the first time such specific evidence has been gathered. Syria has consistently denied any involvement. The US in particular has refrained from taking direct action against Damascus in contrast to its bombing raid on Libya in April.

Sir Geoffrey said yesterday there was no evidence that any country other than Libya was implicated in the bombing of the West Berlin disco which provoked the US raid on Tripoli.

Sir Geoffrey added that Britain was taking urgent steps to inform its European partners and other allies, including the US, of the details of the case and the measures it was taking. Britain would urge them to take "appropriate supporting action."

Officials said that it would be up to individual countries to decide what specific steps should be taken.

Canada was the first country

to respond, announcing that it had recalled its ambassador to Syria for consultations. "Canada fully supports the action taken by Britain today," Mr Joe Clark, the External Affairs Minister, told parliament in Ottawa.

Sir Geoffrey is hoping for further demonstrations of support at a meeting of European Community foreign ministers in Luxembourg on Monday and Tuesday, which he will chair.

Britain has given Dr Louf Allah Hsydar, the Syrian ambassador, and his staff of 20 two weeks to leave Britain. Britain is to close its embassy in Damascus and to withdraw its 19 staff of whom eight are diplomats.

A British embassy spokesman in Damascus said that when Mr Roger Tombs, the ambassador, was summoned to the Foreign Ministry yesterday he had sought assurances that 250 Britons living in Syria would continue to enjoy protection for their lives and property. "We were given all the assurances we asked for."

After having been told of his expulsion, Dr Hsydar maintained that the Hindawi case was a joint Israeli-American intelligence plot.

This line was echoed by the Soviet Union, Syria's principal international ally. Tass, the Soviet news agency, said Britain's "provocative action is in line with a rabid anti-Syrian campaign unleashed by Israel and the US and is aimed at discrediting the Syrian leadership and its consistent anti-imperialist policy."

Israel has meanwhile expressed satisfaction at the British decision to break with Syria.

The breach with Syria, Page 2; Editorial comment, Page 6

## Reagan recalls Damascus envoy

By Lionel Barber in Washington

THE US yesterday withdrew its ambassador from Syria and expressed strong support for Britain's decision to sever diplomatic ties with Damascus.

Mr Larry Speakes, the White House spokesman, said: "We applaud the reaction of Her Majesty's Government." He added that further measures would be taken against Syria in consultation with allies in Europe.

The decision to withdraw the US ambassador, Mr William Eagleton, followed urgent discussions at the State Department yesterday about what measures to take after the British action.

US officials said the Administration had to strike a balance between supporting one of the US's closest allies and preserving some diplomatic ties with Syria.

Washington regards Syria's leader, President Hafez Assad, as a potentially influential figure in the search for peace in the Middle East. He helped secure the release of 39 US hostages after a TWA airliner was hijacked in June 1985.

A senior official said the US was sending its ambassador at large, Mr Gerald Bremner, to consult Britain and other allies. The withdrawal of an ambassador is the strongest step a country can take, short of cutting all diplomatic ties.

In Paris, the British decision was seen as likely to cause embarrassment to the Government of Mr Jacques Chirac because of the widespread belief in France that either the Syrian regime or its secret services were involved in recent terrorist attacks in Paris.

The French Government has no wish to follow Britain's lead because President Assad's regime is seen in Paris as a key element in France's Middle Eastern policy and in maintaining peace in the Middle East.

The West Germans, meanwhile, in an attempt to distance themselves from Damascus, appear to have deferred a planned visit to Bonn next week by the Syrian Foreign Minister.

Mr Hindawi's brother, Mr Ahmed Nawaf Mansur Hasi, 35, is due to go on trial in three weeks in West Berlin charged with bombing the German Arab Society offices there on Araf Friday.

## WEEKEND FT



### SHAKESPEARE

Keeping the Bard up to date is a major industry, as next week's publication of OUP's Complete Works reveals. Page 1



### FINANCE

A plain person's guide to the City's Big Bang. Page VI



### SPORT

Luton Town's brave attempt to combat hooliganism: the reckoning so far. Page XXIV

### TRAVEL

Fishin' and sightseer in Ontario. Page X

### THE ARTS

Ten years of the Notional Theatre. Page XXXII

## Fujitsu plans 80% stake in leading US chipmaker

BY LOUISE KÉHOE IN SAN FRANCISCO AND CARLA RAPOPORT IN TOKYO

FUJITSU, the big Japanese electronics and computer group, plans to acquire 80 per cent of Fairchild Semiconductor, the "grandfather" of California's Silicon Valley chipmaking industry and second largest supplier of chips to the US military.

This is the first time a Japanese company has sought to take control of a mainstream US chip supplier.

The announcement, made by Fujitsu and Schlumberger, the oil services group which owns Fairchild, is expected to raise serious questions in Washington, where the growing dependence of US defence on foreign chip suppliers is fast becoming a deep concern.

Although Fairchild has been owned by Schlumberger, the US-French hybrid company, since 1979, the prospect of Fairchild's military chip technology moving further beyond US control will not be welcomed by the Pentagon.

In Silicon Valley, the sale of a controlling share of Fairchild,

the sixth largest US chip group, to one of Japan's most powerful electronics companies represents a stark psychological blow to US chipmakers, which are desperately fighting Japanese competition.

At Fairchild, however, the agreement was welcomed as very positive. Mr Michel Vailland was ousted as chairman of Schlumberger earlier this year and there was speculation that Schlumberger would sell Fairchild.

For Schlumberger, Fujitsu's offer for a stake in Fairchild must have come as relief. Schlumberger, suffering from the fall in oil prices, has slipped into loss for the first quarter of 1986, and could no longer afford to support Fairchild, which has not been profitable since 1979.

Although an early leader in the semiconductor industry, Fairchild, which Schlumberger acquired for \$425m (£300m), lost much of its technology prowess in the late 1970s and

early 1980s. The company's opportunities are one of "missed" according to industry analysts. Schlumberger has pumped an estimated \$400m into research and development and an additional \$900m into new facilities at the company over the past seven years, but has yet to see a return on its investments.

Fairchild has been making a comeback since the appointment of Mr Donald Brooks as president in January 1985, and recently announced new products are expected to boost its sales.

In many ways, the marriage of Fairchild and Fujitsu is a good match. Fairchild's strengths lie in high performance and military circuits and Fujitsu is a master of high volume commodity chip manufacturing. The companies plan to cross-licence their tech-

Continued on Back Page

Schlumberger beats retreat, Page 9

Lex, Back Page

## SE rowdy as old world ends

BY NICK BUNKER

THE London Stock Exchange yesterday wandered between two worlds, one dead, the other powerless to be born. It was the last day of dealing before Monday's Big Bang sweeps away the old fixed minimum commissions and marries broking and jobbing firms in new-fangled market-making conglomerates.

One market veteran said: "The feeling was that the old exchange has been dead and lying-in-State all week. Today we gave it its funeral and sent it on its way."

If it was a funeral then it was followed by a rowdy Irish wake. There were tears in some quarters but the old exchange's last rites were celebrated with schoolboy games, bottles of wine and boy choruses of Auld Lang Syne.

The day's mood on the floor was set soon after dealing opened: a grey pantomime horse arrived, its kickable rear-end supplied by a junior

clerk from a leading broker. "I hope the horse had a member's badge," said several dealers who mobbed the top-hatted Government broker, doused clerks with shaving-foam and fired toy guns.

The horse, occasionally carried shoulder-high by market members, vanished at lunchtime clutching a glass of wine, watched from a crowded Visitors Gallery. He was replaced by the puppet of Mr Nigel Lawson, the Chancellor of the Exchequer, which appears in Central Television's Spitting Image programme.

The puppet's appearance, with Central's cameras, was partly to mark Big Bang but was also seen as a publicity stunt for Central's graduation next week to a full stock-market listing.

Such scenes scandalised some older members, especially those searfully overjoyed by the speed of recent change in Northampton Street.

For Mr Terence Ahern, a broker and veteran of the

Second World War who joined the exchange in 1939, it was a sad day worsened by the rowdiness. "It's a very bad advertisement for the exchange," he said.

Friday, he said, was the end of one of its 14-day accounting periods, so he had much to do. However, it proved hard to reach jobbers' pitches or to make himself heard "in all the strenuous shouting and screaming."

He said Big Bang had been managed with "indecent haste — they have attracted the wrong sort of individuals to the market."

However, for others, not least the stockbrokers' research staff, Friday was no different from any other day. "We're a boring lot, we analysts," said Dr Peter Virgin. He follows insurance for Morgan Grenfell Secretaries. Yesterday he had time only for a swift walk around the floor before returning to number-crunching.

Hours Govett, plans, Page 3; Lex, Back Page

## Bus deregulation: roadblocks down, fog ahead

Man in the News: George Hayter 6  
Editorial comment: the electronic jury

Appointments	12	FT Announcements	12	Man in the News	9	Wall Street	10
Bank Rates	13	Foreign Exchange	11	Money Markets	11	Wares	10
Base Rates	4	Gold Markets	9	Overseas News	2, 3	UK News	10
Big Six Rates	7	Int'l. Co. News	8	Recent Issues	13	General	3, 4
Commodities	5	Leaders Page	6	Share Information	15, 17	Labour	4
Company News	3	Letters	7	SE Dealings	12	Unit Trusts	13-15
Economic Diary	4	Lex	7B	Stock Markets	11	Weather	18
European Options	13	London Options	11	London	11		

For London market and latest share index 01-245 8026; overseas markets 01-245 8036

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UK	+94.8	7th.....104
Worldwide		
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International	+76.7	7th.....86
Japan	+73.2	25th.....37
Income & Growth	+67.5	6th.....82
High Income	+51.6	6th.....15
Practical	+41.0	3rd.....5
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Court told of part played by Damascus

NEZAR HINDAWI... court told of part played by Damascus

At first Hindawi told police he was nothing more than a drugs courier for a Syrian...

Later, however, Hindawi told police he wanted to tell the truth... he was given the bag containing the bomb...

He claimed he was an innocent pawn in an Israeli intelligence plot to discredit the Syrians...

Hindawi told the jury he believed a Mossad agent living in Syria could have set him up and given him the bag containing the bomb...

His counsel, Mr Gilbert Gray, QC, suggested that Israeli agents could have very good reasons for planting explosives in Hindawi's bag...

Hindawi told the court that when he saw the ambassador he asked how drugs had turned into a bomb...

The gap in understanding seems certain to widen, Roger Matthews reports

UK strikes at heart of Arab politics

SYRIA IS the one remaining frontline Arab state which Israel still has reason to fear. Since Egypt signed the peace treaty in 1979 and Iraq became embroiled in the Gulf War...

Soviet prestige is involved in the future of the Assad regime. Several thousand Soviet servicemen are based within Syria's borders and whatever Arab nations may think privately of President Assad they would find it difficult politically to stand aloof from him.

These factors have weighed heavily in the minds of those Western diplomats who argue that it is vital to maintain links with Syria. To a large extent they accept that progress towards a solution of the Palestinian issue cannot be achieved without drawing Syria to the negotiating table.

During the next few weeks Syria will embark on a torrent of anti-British propaganda. Identifying London with Israel and the US, Britain's message will be understood by some people in the region...

Political judgment that put a country in the dock

MR JUSTICE Mars-Jones, summing up at the Old Bailey in the trial of Nezar Hindawi, the Jordanian, who was sentenced yesterday to 45 years jail for attempting to place a bomb on an Israeli airliner...

and they invited him home for a meal. Dr Haydar said he learned of what had happened that night while hosting a reception to mark Syria's National Day...

Howe tells of 'conclusive evidence' of Hindawi links

THE HOUSE OF Commons yesterday gave a warm welcome to the cutting of diplomatic links with Syria. Sir Geoffrey Howe, the Foreign Secretary, in a statement on UK-Syrian relations, said there was "conclusive evidence of Syrian official involvement with Nezar Hindawi..."

apent time in Syrian Arab Airlines crew accommodation and had spent the night after the bombing attempt in Syrian Embassy accommodation "where his hair clippings and hair dye were found."

Mr Donald Anderson, a Labour Foreign Affairs spokesman, said: "The opposition enthusiastically applauds the sentence of the courts on this evil man and shares the Government's sense of outrage at the role of the Syrian authorities..."

in view of the Soviets' declarations of opposition to terrorism. Sir Geoffrey said he had spent out a series of matters pointing to the involvement of Syrian intelligence and the London Embassy...

It is an issue which several governments over the years have faced, often against a background of strong domestic political pressures. In April, US aircraft bombed Libya in retaliation for Colonel Muammar Gaddafi's alleged involvement in the bombing earlier that month of a West Berlin night club...

Roger Matthews on the Syrian account of the events that led to the country being found guilty along with Hindawi

ever, that his suspicions of an anti-Syrian plot were aroused in the first few days after Hindawi's arrest when press stories appeared linking Syria to the attempted bombing. Also, Israel claimed to have intercepted a message sent to his embassy from Damascus telling him "to go ahead with the plan..."

Dr Loutof Allah Haydar told to leave UK

Verdict puts pressure on Israel to take tough action

THE NEW Israeli Government headed by Mr Yitzhak Shamir, a hardliner on terrorism and Israeli-Arab relations, has been put in a most difficult quandary by the Hindawi conviction, Andrew Whitely writes from Jerusalem...

being weighed carefully by officials in Jerusalem yesterday, as the Shamir Government took advantage of the Jewish weekend to consider its options. Last May, Mr Yitzhak Rabin, the tough Defence Minister, warned that if conclusive proof were found of Syrian involvement in the attempt to smuggle explosives aboard the crowded Israeli airliner at London Airport, it might be forced to respond militarily.

More recently there have been press reports—officially denied—of arms negotiations. Yesterday Mr Rabin told left open France's position saying the British decision "would be the subject of an exchange of views" within the EEC...

European partners, in particular, will suspend or drastically reduce their high-level political contacts with Damascus. Other suggestions being made in London include the recall of European Community ambassadors and stricter controls of the operations of Syrian Arab Airlines...

Dr Haydar claimed it was ludicrous to believe that a terrorist would, immediately after committing his crime, go straight to see the ambassador of the country involved, especially when it would have been so much easier to take any flight out of Britain...

OTHER OVERSEAS NEWS

Alfonsin threatens anti-strike decree

IN THE face of a rising wave of strike action and growing economic difficulties, the Argentine Government has announced it may introduce limitations on the right to strike by government decree...

Chile holds seven over death attempt on Pinochet

CHILEAN authorities say they have arrested five suspects in the September 7 assassination attempt against General Augusto Pinochet, and are holding two more men accused of indirect participation in the attack...

Basque factions square up in rival demonstrations

MODERATE and extremist Basque nationalists measure up against each other today with rival demonstrations in Victoria, the regional capital, and Bilbao...

US urges increase in oil stocks

MR JOHN Herrington, US Energy Secretary, yesterday called on all governments in the Organisation for Economic Co-operation and Development to build up their stocks of oil to prevent a repeat of the 1973 international scramble for oil...

Benedetti fires Cerus chairman

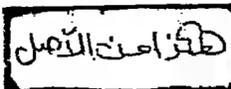
MR Carlo De Benedetti last night dismissed the chairman of Cerus, his French holding company, for agreeing to drop its bid for control of Presses de la Cité...

French MPs vote to change elections

THE FRENCH parliament yesterday approved a controversial bill redrawing the country's electoral map which President Francois Mitterrand had rejected earlier this month...

French MPs vote to change elections

parliamentary procedure. It passed unchanged. Mr Mitterrand has no right of veto over the bill, once it is passed by both chambers of parliament, though he could delay it passing into law by asking parliament to consider it again...



Malaysia cuts spending as growth declines

BY WONG SULONG IN KUALA LUMPUR MALAYSIA FACES poor economic prospects for the next few years and expects a growth rate of 1 per cent for 1987...

Machel's body laid in state in Maputo

THE BODY of Mozambican President Samora Machel, who was killed in an air crash in South Africa last weekend, lay in state in Maputo yesterday...

S. African mines likely to reach wage settlement

By Jim Jones in Johannesburg SOUTH AFRICA'S all-black National Union of Mineworkers and four mining houses are expected to settle a four-month-old wage dispute today or on Monday...

Donors pledge \$180m to Beira corridor

INTERNATIONAL donors have pledged \$180m (£128m) towards the cost of upgrading and repairing the key strategic transport routes in Mozambique's Beira corridor...

Philippine loan

THE International Monetary Fund (IMF) yesterday approved a \$22.5m SDR (€358.5m) loan package to assist economic reform in the Philippines...

Bombay exchange closed

BY R. C. MURTHY IN BOMBAY TRADING on the Bombay Stock Exchange, India's main exchange, came to a standstill for the second day on Friday after brokers refused to do business in protest against searches by the income tax authorities...

Building societies hit at SIB on marketing

THE Building Societies Association has attacked the Securities and Investments Board's rules on the marketing of life assurance and other related investment products as "absurd" and "schizophrenic"...

Building societies should be exempt from this principle, says the BSA, because they have a high reputation and it would not be in their interests to give bad advice...

BT to manage communications networks

BRITISH TELECOM is entering the market of managing other companies' communications networks. The market, which is relatively new in the UK but on one estimate could be worth £50m by the 1990s, is already fiercely contested...

Hugo Dixon analyses the reasons for the building societies' decision to increase their margins

Soaring demand for mortgages behind rise in rates

THIS WEEK'S rises in mortgage rates which ranged from 0.25 to 1.5 percentage points, raise three questions. Why have financial institutions chosen to increase the margin between the rate at which they borrow and the rate at which they lend? Why have mortgage rates gone up by more than last week's 1 percentage point base rate increase? And has the building societies' interest rate cartel, which used to fix mortgage rates, really vanished?...

Hoare Govett in underwriting syndicate move

HOARE GOVETT, the London stockbroker owned by US bank Security Pacific, has put together a syndicate that will enable it to underwrite large equity issues after Monday's Big Bang, reflecting stockbrokers' attempts to enter underwriting on equal terms with merchant banks...

Car buyer loses court fight over breakdown

A CAR buyer whose new Nissan Laurel broke down within three weeks of delivery with less than 150 miles on the clock was not entitled to get back the £8,000 he paid for it, a High Court judge ruled in a test case yesterday...

Print groups sale hopes

THE RECEIVER called in by Carrod and Lofthouse, printer of The Economist and of the covers for the Sunday Times magazine, said yesterday he had received three offers for the business...

Carlisle to quit Commons at election

MR MARK CARLISLE, the former Education Secretary, last night became the 38th Conservative MP and eighth former member of Mrs Thatcher's Cabinet to announce his retirement from Parliament at the next general election...

Policy on BBC under attack

THE GOVERNMENT'S attitude towards the BBC was yesterday strongly criticised by leading Opposition politicians as Conservative Central Office denied any interference in the recent libel case about a Panorama programme...

Boost for English wine-growers

IT LOOKS like being a good if not a great year for English wine. The grape harvest in hundreds of tiny vineyards ranging from two acres to 50 acres across the south of England is in full swing and looks like being 30 to 50 per cent higher than last year...

Court challenged on Labour executive's choice for Knowsley

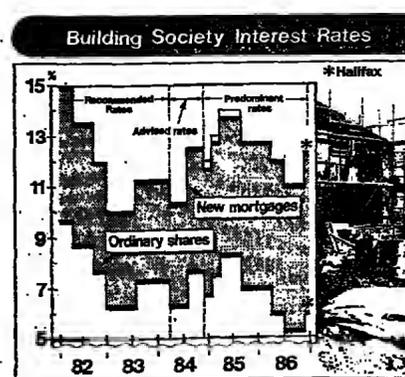
LABOUR PARTY leaders in Knowsley North are to take fresh legal action against the party's national executive in an attempt to replace the executive's chosen candidate in the forthcoming by-election...

Labour accuses Thatcher of causing spending spree

THE Government was yesterday accused by the Labour Party of seriously damaging Britain's trade and industrial performance by engineering a pre-election consumer spending spree comparable to the so-called Barber Boom of the early 1970s...

Print groups sale hopes

THE RECEIVER called in by Carrod and Lofthouse, printer of The Economist and of the covers for the Sunday Times magazine, said yesterday he had received three offers for the business...



Leeds Permanent Building Society topped the Halifax rate by one-tenth of a point, its chief general manager, Mr Peter Hemmings, said this demonstrates the free-market forces operating in the personal finance area. There are two qualifications to this view. First, there has been a range in the rates leading building societies have charged in the past and one-eighth of a point is hardly massive. Secondly, the vast majority of building societies have still chosen to follow the Halifax and none has dared to undercut it. At one point, it looked as if the National and Provincial Building Society, one of the top 10, might. Early in the week its senior general manager, Mr Terry Carroll, said: "We are surprised at both the size and the timing of the proposed 1.25 percentage mortgage rate increase." From his society's point of view, there was no justification in such an increase. Yesterday, however, the N and P went ahead and increased its rate by 1.25 percentage points. The only concession to the earlier bold announcements was a decision to increase the rate to first-time buyers by only one point. The old habits still seem to be there.



Bang?

After October 27th, as the echoes fade, the U.K. financial community will find itself adjusting to its new circumstances.

Some firms will find the new competitive environment unfamiliar. Some will need to spend time putting their houses in order. Others will have to ease themselves into new relationships, adapt to new situations, and live under new labels.

Meanwhile, corporate financial officers and professional investors will be asking the question: "Which of the many new financial services groups will be the best equipped to serve our needs from now on?"

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experienced in operating in truly competitive dual capacity markets, internationally, under a variety of regulatory frameworks. We are one firm for which globalisation and 24-hour trading is a genuine, working reality.

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At Merrill Lynch we won't hear much of the bang, because for us it'll be business as usual.



**Merrill Lynch**

# The electronic jury is out

THE LITTLE local drama which will be enacted in the City on Monday has no doubt filled many of the participants with stage fright. Will all their expensive hardware work properly? (Some of it did not in the rehearsal last Saturday.) If it does, will the human operators be able to keep swimming in the flood of information they will have available? And assuming that everything runs as smoothly as might be hoped, will commissions in the fiercely competitive market yield enough to make the whole effort rewarding?

These will be life-and-death questions to some of those directly involved, but they are really of very limited importance to anyone else. London is not after all, pioneering the international, high-tech market in money and securities, but simply following where New York led more than a decade ago. It has already profoundly changed the constraints and opportunities facing not only companies but sovereign governments.

The history of such influence goes back to the Lombard bankers who once financed princely wars, but it used to be much more subtle. As little as 20 years ago the gnomes of Zurich haunted the Wilson Government only at crisis times. The young men who pestered Mr Deansley with their circulars may have hampered his control of domestic interest rates, but that was all.

Now, however, when shares

## Uneasy winter

The persistent weakness of sterling in recent months reflects an unflattering international verdict on the vagaries of British monetary and fiscal policy and this means that Mr Nigel Lawson, the Chancellor, faces an uneasy winter. Measures designed to blow up British voters would be a disaster for the City if they get a critical reception in New York (Tokyo will still be asleep).

Since investors, as Keynes wrote, succeed not by reaching right judgments about the facts, but by correctly guessing the judgments of other investors, they too must learn to think internationally, and since all but the richest individuals are already facing transaction costs which have risen sharply in the last few years, they cannot afford to chop and change. An increasing number may conclude that their own response to the revolution will be that summed up in the old slogan: If you can't beat them, join them. They will entrust their savings to the money managers with the screens. The Big Bang merely makes it formal.

# Action on Syria

THE BRITISH Government was right to break off diplomatic relations with Syria yesterday following the conviction in the Central Criminal Court of Nawar Hindawi for trying to place a bomb on an El Al aircraft at Heathrow last April. There was sufficient evidence that Syrian officials including the Syrian Ambassador in London, were involved in the attempt to make any action short of ending relations look feasible.

House of Commons yesterday afternoon, is whether Britain is entitled to expect its European partners and the US, all of whom have been targets of terrorism, to go with it. The answer is "no, at this stage." This was a specific act where the culprit was caught redhanded. There has been a specific response. What is necessary, however, is for the Europeans and the Americans to work even more closely together in sharing intelligence and in showing some sympathy when one country feels obliged to take unilateral action.

TOMORROW is D-Day (for deregulation) for the biggest stake-up in British public transport since the post-war nationalisation of the railways. For the first time since 1930, anyone who wants to run a bus service will have to do no more than buy a vehicle, satisfy safety regulations and hire a driver.

The intention of the 1985 Transport Act, most of which comes into force tomorrow, is to open up the bus industry to competition by sweeping away route licensing by local authorities and breaking up the publicly-owned National Bus Company.

Mr John Moore, the Transport Secretary, claims that the Government has freed the industry from "a straitjacket of control" and predicts a major transformation in transport that means "more bus operators, more choice and the opportunity to provide the sort of service people want and can afford."

The evidence, however, is that while the threat of competition may increase efficiency in the industry, most of Britain's bus passengers are unlikely to notice much difference. The Government's case for action on buses is based on a combination of rocketing fares and subsidies and rapidly declining services. Over ten years, fares have increased by 35 per cent more than the rate of general inflation, route mileage is down 12 per cent and subsidies are up from £33m to £568m. The industry, it seemed, was expensively bleeding to death.

In a sense, the chosen solution is an extension of the regulation of route licensing criteria by the last Labour Government, which brought in new operators — though not many — for the first time since the 1930s. The Government has also had the advantage of two dry runs — the long-distance coach industry, deregulated in 1980, and the 1984 experiment of partial deregulation in London, which is exempted from the latest legislation.

The result is a complex system designed to ensure fair competition while protecting communities on less profitable routes from losing public transport. The first step was to try to achieve what Transport Department officials call "a fair start" for all operators by preventing the existing companies from simply pricing competitors out of the market.

To this end, local authorities were forced to reconstitute their bus operations as companies operating at arm's length, and the NBC was ordered to break up its business into local and regional companies to be sold to the private sector. All potential bus operators were then asked to register proposed routes with the Traffic Commissioners, while operators were put out to tender by local authorities, which offer subsidies to the lowest bidder.

## Bus deregulation

# Roadblocks down, but some fog ahead

By Kevin Brown, Transport Correspondent

that marginal routes would disappear once cross-subsidisation from profitable operations was removed.

Around 90 per cent of existing routes will be subsidised through the tendering process, and although no national figures are available it looks as though few routes under the old system will be isolated. There will be gaps in services during the early morning, late at night and on Sundays, however. Special services such as Christmas and hospital special, all-night and football services may also be hit.

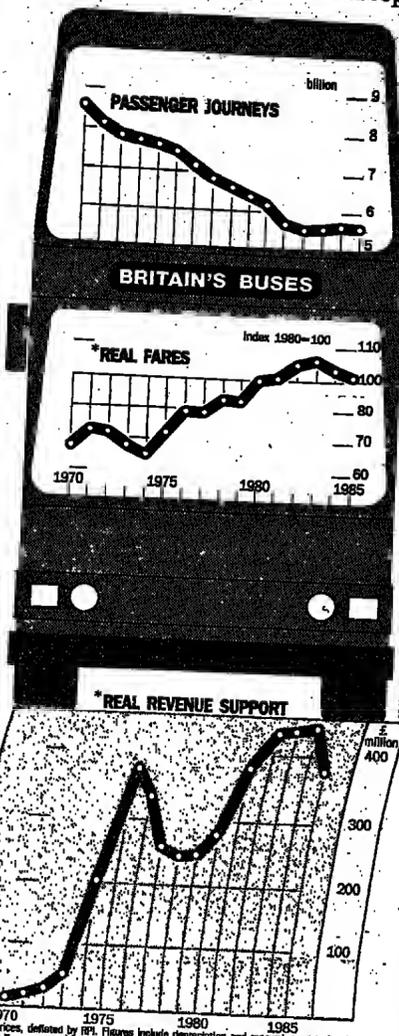
The tendering arrangements have led to substantial and unexpected savings in the amount of subsidies required to keep routes open. Greater Manchester, for instance, budgeted to spend up to £17m a year on subsidies, and was surprised to find its tendering process completed at a cost of only £8m. Most of the recent coverage of the approach to D-Day has centred on Glasgow where a quirk of Scottish law led to deregulation being introduced early. Supporters of deregulation have pointed to the increase in local bus operators from around 20 to 190 as evidence of what the policy can achieve if it is given a fair chance.

Opponents, on the other hand, have pointed to the chaos in the city centre at peak times, and the spectacle of operators toting for business, as a stark warning of the chaos in store for the rest of the country.

The truth is that Glasgow is an aberration. Part of the competition is artificial, caused by the division of the Scottish Bus Group into several autonomous companies. Much of the rest is said to be a response to the past shortcomings of the Strathclyde Passenger Transport Executive.

Whatever the reason for the bus boom in Glasgow, it has not been repeated elsewhere. The available evidence shows that there has been little competition for most commercially profitable routes, the majority of which has been retained by the existing operators. There will be direct competition for passengers on only 3 per cent of routes. This is a disappointment to the Government, which Ministers play down by claiming that there will be plenty of operators offering services which did not exist before.

Unapplying, this does not appear to be happening on any scale either. Only 200 new operators have entered the bus business as a result of deregulation, compared with around 1,500 already running services. There have been plenty of additions and amendments to routes, but few services have been registered which did not exist before.



1980 prices, deflated by RPI. Figures include deregulation and retained grant to London Regional Transport (LRT) and support for fares and LRT and PTE direct rail.

A more typical example of what is happening than Glasgow is Greater Manchester, where Greater Manchester Buses, owned jointly by the local district councils, has been forced into a rapid improvement in efficiency which has meant the loss of 2,000 jobs and closure of four workshops and three major garages. Mr Ralph Roberts, the chief executive of GMB, says even this brutal surgery will leave the company facing problems on the 64 per cent of commercial routes which have been retained.

"We have prepared a plan that should keep us in business, but there is no guarantee. We can go just now like anyone else," he said.

Like many transport pro-

professionals, Mr Roberts concedes that the industry needed change, but he claims the Government is trying to do too much in too little time.

"We were increasing our efficiency, we had some way to go, but throwing everything up in the air like this has caused a lot of people to be thrown on the scrap heap," he says. Mr Peter Morgan, the marketing development manager of Greater Manchester Passenger Transport Executive, the licensing authority, says there will be very little competition for passengers. Many of the 40 new operators in the area will be running subsidised services, while others will run a handful of commercial services without opposition from competitors.

"It is more than likely that there is not enough patronage on the few competitive routes to justify operators providing services at the sort of level they have registered," he says. "We are genuinely concerned that what we start to receive variations on the registrations for commercial services we will have a hell of a lot of subsidies to provide."

Greater Manchester reflects the national experience in that most of the new entrants to the bus industry are existing holders of public service vehicle licences who have been running coach services or running private hire businesses. Only one genuine entrepreneur of the kind the Government hoped to encourage has come forward: Mr Samuel Tandy who plans a 12-mile subsidised service from Saddleworth to Ashton using a single 12-seater minibus.

Mr Tandy, a bakery worker with no previous experience of running a business, was spurred into action by the initial publicity for deregulation. He has employed a driver made redundant by GMB, and claims to be sufficiently confident of making a profit that he is already considering investing in a bigger vehicle. Mr Tandy refuses to discuss his finances, but describes the process of setting up the business as "very difficult indeed."

His experience of the deregulation bureaucracy may go some way to explaining the lack of other entrepreneurs in Manchester. One man who has put his money behind the Government's policies is Mr Mike James, a Conservative councillor and coach operator from Ormskirk who has invested £25,000 of his own money in setting up Northway Little White Buses.

Mr James says his six minibuses will make a profit with an occupancy rate as low as 40 per cent, and as evidence of his confidence that there are new markets to be won he is offering extra services such as parcel carriage and prescription collections for small fees. Northway will operate only on commercial routes, and Mr James says confidently: "I have no fears at all. We are going into it seriously and efficiently, and I hope that by next January we will be looking at quite a big expansion, possibly 20 or 40 minibuses."

The boom in minibuses is one undeniable effect of deregulation: NBC operating companies have ordered around 3,000 and many more are about to enter service with other companies. But doubts are already being raised about their operating viability.

At around £18,000 for a 16-seat vehicle, minibuses are substantially cheaper than conventional buses, which cost upwards of £60,000. But a conventional bus will last at least 16 years, and substantially more with proper maintenance, compared with an estimated life of only three years for a minibus in heavy use.

The minibus boom has also had a devastating effect on the market for traditional double- and single-decker buses. Manufacturers are gloomily predicting that new registrations, which totalled 3,000 as recently as 1980, will be down to around 800 this year, and probably 300 in 1987.

A number of companies are believed to be poised to enter the market with large minibus fleets if the initial experience of deregulation turns out to be successful. The largest known potential operator is United Transport International, a subsidiary of BET, which is planning to introduce 225 16-seat minibuses in South Manchester. UTI, however, is entering the market largely as a means of expanding its UK revenue to combat the adverse effect of currency movements on its overseas interests — mainly in Africa, Australia and the US.

Mr Ian Barratt, the company's technical services executive, said: "There is a requirement for us to have UK investment to balance our overseas investment, and we perceive this as a potentially profitable operation."

Most observers believe there is unlikely to be a major increase in the number of competitors, however, since it is also possible that a number of existing operators will pull out once the true nature of the deregulated market becomes clear. Mr Stuart Jones, editor of Coachcraft, the industry magazine, says: "The nature of the commitment involved in running bus services is such that entering the industry, even with the changed regulations, is not that attractive a form of capital investment."

Mr Ian Maule, traffic manager of the Manchester bus and coach operator A. Mayne and Son, agrees: "It is a big gamble for anybody to make. It would take a brave man to put a lot of investment into the bus industry at a time when nobody knows what its future is."

Mr Bill Steinmetz, head of the European arm of Booz Allen & Hamilton, the transport analysts, said: "Do you really expect investors to put money into the bus business when there are so many other investments available these days? There are better places to invest your money."

Mr Steinmetz added: "There is just no evidence that there is a seedbed of new bus operators out there." The point is that nobody is going to know, one way or another, for several months.

## Man in the News

# George Hayter The City's electronic Bailey Bridge builder

By Alan Cane



Seag by no means the biggest computer project in which he has been involved. He worked from 1968-78 on the Boadicea airline reservation system for what was then the British Overseas Airways Corporation and which at that time was probably the biggest system of its kind in Europe. Educated at Malvern College and Cambridge University where he read physics and philosophy, Mr Hayter's first job was at Elliott Automation, providing ground for a generation of the UK's electronics elite (Iain Barron of Inmos designed his first computer there). He worked for Leo Computers, which became part of ICL, before BOAC, moving to the Stock Exchange in 1979. "I never expected to stay this long," he muses.

most primed by no means the ordinarily short timescale allowed by the agreement between Sir Nicholas Goodison, the Exchange chairman and the then Industry Secretary, Mr Cecil Parkinson. "As a piece of computer software development," Mr Hayter says, "it was not as big as Boadicea."

"The load, however, was far heavier. We were doing the job for the whole of the securities industry and we had to do it in a goldfish bowl. "It was a little like swimming in a heavy sea. Every time I thought we had the project under control, we were hit by another roller."

Conceived and gestated in the full glare of the publicity surrounding the "Big Bang" in the City, Seag must seem to the outside world to be the apex of the Stock Market's technological ambitions. But Mr Hayter and his team have no illusions about the rough and ready nature of their creation: "It knocked us off the thread of our long-term developments," he says. "Seag was built in a rush with the tools we had at hand. It would have been nice to have done it better."

Ideally the system should have been built from scratch like its design model, the US over-the-counter market NASDAQ system, but time, money and existing investment in electronic price distribution equipment dictated otherwise.

splice Seag International together from the tools at hand. "It was," Mr Hayter remembers with a wince, "like trying to change your underpants without being caught with your trousers down."

Mr Hayter's reputation outside his own department seems to lie less in his technical competence ("that's not George's job anyway," his colleague remarked) than in his skill in navigating his way through the Exchange's labyrinthine committee structure. "He is very competent and he leads well. It is an incredibly difficult job," says one broker. Where does he go from here? Perhaps there is a clue in the fact that at BOAC, he was in charge of selling packages (turnkey) computing services to other airlines.

He is well aware that from Monday the Exchange will be an electronic market in competition with other electronic markets, but he does not believe that technology is everything. "It is an act of faith but I believe the London market is second to none. It offers regulation, good order and credibility. We have to be able to offer an international service, visible market information and the ability to trade quickly and easily at a good price."

He foresees the establishment of an electronic mosaic of exchanges, regulatory organisations and settlement firms stretching around the globe: electronic pipelines between the exchanges established through bilateral agreements. And he thinks London should take the lead in promoting these agreements and providing the technology to underpin them. He dreams of collecting market information from all the world's exchanges, pumping it up to a geostationary satellite for retransmission to the entire world: "The first person to do that would have enormous advantages."

The seed of a new company: "Global trading systems: Geo Hayter, Prop," perhaps? "I think we have enough work at the Exchange to keep us busy for the next few years," he smiles.



# IT SEEMS THEY'RE TALKING OUR LANGUAGE.

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UK COMPANY NEWS

Reuters proposes merger with Instinet Corporation

BY CHARLES BATCHELOR

Reuters Holdings, international business information group, yesterday announced plans to acquire Instinet Corporation, a US company which has developed an electronic share dealing system, valuing it at \$97m (£68m).

Reuters said it had proposed a friendly merger with Instinet to Mr Bill Lupien, its chief executive at a lunchtime meeting yesterday. It wants an answer from the Instinet board by 10 am, New York time, next Thursday.

In New York Instinet said its board would consider the proposal next week. The approach was not a surprise given the close relationship between the two companies, it added.

Reuters reached agreement in 1985 to market Instinet's share-dealing system outside the US and at one stage it appeared that Instinet would be the means by which Reuters would break the London Stock Exchange's monopoly over dealings in UK shares.

After lengthy discussions, however, Instinet last month announced it was to become a member of the Stock Exchange from October 27, ending its potential rivalry with SEAO, the Stock Exchange's automated quotation system.

Reuters already owns a 6.6 per cent stake in Instinet and has warrants which would increase its stake to 41 per cent. It had originally hoped to buy 20 per cent of warrants which would have given it 51 per cent, but Mr Lupien declined to relinquish control.

Since then however Instinet's earnings have deteriorated. It made a large operating loss in its most recent quarter and has lost key personnel.

In a letter to Mr Lupien, Mr Glen Rentfrew, Reuters' chief executive, wrote: "We believe Instinet has an excellent service but it will require substantial investment to broaden the product in order to make it attractive to a much larger number of subscribers."

Reuters is putting together a package of securities services which would all be provided through a single work-station. A merger would allow the two companies' products to be integrated, it added.

The British group is offering \$7.25 in cash or shares for each Instinet share, which were worth \$5.25 at Thursday's New York stock market close. Instinet has 12.94m shares in issue and 1.47m warrants which are exercisable at \$7.25 or lower.

Reuters said it hoped Instinet would view its merger proposal favourably and that its board would recommend it to shareholders.

Reuters has acquired a series of small companies since it obtained a public listing in London and New York in June, 1984. It has bought in its product range including Rich Inc, a US manufacturer of dealing room communications systems, in April 1985 for \$57.5m.

Reuters yesterday reached agreement with the Tokyo Stock Exchange to allow the company to provide real-time prices of more than 2,500 Japanese stocks. It previously carried delayed price information on 900 Japanese shares.

Carlo Engineering Group is making an agreed takeover bid worth £16.1m in shares for Jonas Woodhead and Sons, another engineer specialising in springs and forgings for vehicle suspensions.

The Woodhead offer comes just over two months after Carlo acquired Bruntons of Musselburgh, a manufacturer of wire and rope products, with an agreed offer worth £5.8m.

Carlo makes wires for use in automotive engines and springs as well as card clothing (used to clean and comb textiles) and general engineering products. It believes the products and the markets of the two companies are complementary.

Woodhead made pre-tax

profits of £1.13m on turnover of £33.4m in the year ended March 1988 and had consolidated net assets of £5.8m at that year end.

After making a loss of £1.18m the year before, the company 30 per cent of its operating businesses and strengthened its board with the appointment of Mr Derek Norton, as chief executive, last May.

The company's operations comprise the manufacture of springs, stabiliser bars and torsion bars for vehicle manufacturers in Britain and the Continent, a 32-branch service network, a general engineering business and a French company which makes shock-absorbers.

Carlo already has a 24.1 per cent stake in Woodhead, most of it acquired last April from Mr Ron Brilerley, the New Zealand businessman.

It is offering five of its own shares for every 22 of Woodhead. With Carlo's shares 12p higher at 430p yesterday, the offer worth 109p for each Woodhead share. The Woodhead share price rose 5p to 96p.

There is a cash alternative worth 99.1p per share, which has been underwritten by Robert Fleming, the merchant bank.

Full acceptance of the offer would lead to the issue of 2.54m new Carlo shares or 30.6 per cent of its enlarged equity.

Carlo plans to pay an interim dividend of 4.4p per share, an increase of 10 per cent on the previous year.

Carlo in £16.1m agreed bid

BY CHARLES BATCHELOR

Cost cutting at Pegler Hattersley

By David Goodhart

Mr Greg Hutchings, chief executive of F. H. Tomkins, said yesterday that 30 to 40 senior managers at Pegler Hattersley had been asked to leave since Tomkins took it over last June at a cost of £190m.

Other immediate reorganisation measures such as the closure of the Doncaster head office and better balance sheet management had already saved about £2.5m according to Mr Hutchings.

He was speaking out in the light of the 25p fall in the Tomkins share price following presentation to City analysts. Mr Hutchings told the meeting that Pegler would not be able to achieve the £21.6m profit forecast it had made during the bid. However, he stressed yesterday that Tomkins had predicted as much during the bid itself and that any shortfall would be more than compensated for by the first wave of savings.

"We have been right about the profit forecast and we have been right about some of the problems at the top."

The slip in the share price he attributed to one major and local shareholder wanting to marginally cut its Tomkins holding and one over-optimistic profit forecast.

Overseas problems leave F. Lilley £25m in red

F. J. C. Lilley, Glasgow-based civil engineer and building group, which yesterday requested a suspension of its Stock Exchange quotation, announced late last night substantial losses for the half year ending July 31 1988.

Although trading profitably in the UK, with profits of £3.3m, major overseas problems, principally heavy construction contracts in the US, resulted in a group loss of £24.45m pre-tax for the period, compared with profits of £5.68m.

The US contracts suffered operating losses of £15m and the requirement to make provision for further losses of £13m. The directors said these results take full account of losses to completion.

"The expected that the second half would be profitable and during 1987 there would be recoveries of cash and profit from the settlement of disputed items and claims which have required provision at this time."

Turnover fell from £100.47m to £175.23m during the half year. Attributable losses came out at £19.23m (£2.89m profits) with losses per share at 24.01p (3.6p earnings).

The company's shares closed at 24p on Thursday after two days of sharply adverse share trading following a company statement that it was postponing the announcement of its results. The price previously stood at 42p.

Hambro Countrywide in £5.2m tidying-up deal

BY ERIC SHORT

Hambro Countrywide, Britain's largest estate agency chain with 415 branches, is acquiring in a tidying-up operation the outstanding 50 per cent interest in Mann and Co Bournemouth as well as the entire share capital of Deltatouch from C. J. Short in a profit-linked deal worth a maximum £5.2m.

Hambro Countrywide, the estate agency arm of merchant bankers Hambros, was formed from the merger of two major estate agency firms, Mann and Co and Birstow Eves.

This latest deal is based on the anticipated profits of Mann and Co Bournemouth being not less than £1.73m over the three years from June 1 1988 having achieved £400,000 in the first of these years, and not to be less than £800,000 in the current

FR Group 21% ahead and calls for £40m

By Alice Rawsthorn

FR Group, which makes equipment for the aircraft, energy and electronics industries, yesterday unveiled proposals for a one-for-four rights issue to raise £40.3m and reported a 21 per cent increase in pre-tax profits to £7.2m.

The capital raised by the rights issue will be used partly to equip the company to fulfil two substantial new contracts and partly to finance acquisitions.

FR Group has recently won two major contracts, one for the Ministry of Agriculture, the other for the Royal Navy, which the company is worth around £50m over the next five years. The company needs to invest some £20m to buy and fit out new aircraft to fulfil the contracts.

In addition FR Group is eager to expand through acquisition. The stock market ruffled with rumours yesterday that the company was raising capital in order to mount a bid for the Vinten Group, a troubled photographic and broadcasting equipment manufacturer. Vinten's shares rose by 5p to 153p yesterday.

Yet FR Group is intent upon acquisitions in the US, rather than the UK, according to its group financial director, Mr Giles Irwin. He said that the company is in the final stages of negotiation to buy an unnamed US company.

In the rights issue FR Group will release 14.6m new ordinary shares at 285p. Shareholders will be entitled to one new share for every four already held. The FR Group share price tumbled by 25p to 309p yesterday, despite the announcement of a healthy set of interim results.

It increased turnover to £46.68m (£29.02m) in the six months to June 30 and operating profits to £6.86m (£5.9m). The company received £467,000 (£147,000) in interest on its net cash, which is currently valued at around £34m. Earnings per share rose to 7.95p (6.74p) and the board proposed to pay a dividend of 1.35p.

After yesterday's announcement analysts upgraded their forecasts for the full financial year from between £16m and £18.5m to between £16.5m and £19.5m.

The company hopes to secure two important new contracts. It has already signed a memorandum of understanding with China, which it hopes could emerge as a new market, and is tendering for a contract to supply the US Navy.

Verson Intl. reverses into Bronx

THE PRIVATELY-OWNED Verson International Group has completed the reverse takeover of Bronx Engineering, the troubled hydraulic press manufacturers, writes David Goodhart.

Mr Tim Kelleher, chairman of Verson, will become chairman of Bronx and other directors of Verson will be joining him on the board.

Despite its recent difficulties Bronx has a strong order book and several long-term contracts. Mr Kelleher said: "Bronx is a well organised business but it will benefit from an increase in working capital and from the synergy we can provide in marketing."

Bronx has assets of approximately £1.3m and before its suspension at 30p had a market capitalisation of £3.6m. However the Verson management believes it has been carrying the costs of a 515m turnover company while only reaching sales of about £12m. The combined group will have a turnover of about £35m.

Verson, which was first established in the UK in 1979, had not been seeking a public quote for another two years

Holders of 42.1 per cent of the Bronx equity have already accepted the deal and the dominant family in the company has agreed to the takeover.

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but when Bronx, its near neighbour in the West Midlands, ran into difficulties to suggest the deal.

Mr Kelleher has already been on the Bronx board for some months and informal talks began in the middle of last month before Bronx announced its interim results.

The directors of Bronx said yesterday that the acquisition of Verson would bring access to new products in the press automation and coil process fields and the benefit of sales offices in several parts of the world.

orphans of giant engineering parents. But now Mr Kelleher aims to seek distressed businesses to rationalise the manufacturing base and put in marketing skills.

In 1982 it bought parts of Wilkins & Mitchell from the receiver. In 1984 it acquired the HME range of products from Cincinnati Milacron. In May last year it purchased A.L. Welders of Inverness a wholly-owned subsidiary of the International Thompson Organisation and at the end of 1985 it bought Ductile Engineering from Glywedd.

Out of this Mr Kelleher and his team produced a pre-tax profit of £1.3m on turnover of £12m to the year ended January 31 1988, but has been aiming to nearly double turnover in the present year.

With his classic American business school background and experience in international markets Mr Kelleher could now turn Bronx into one of the coming companies of the UK market.

He has one other potential advantage under his belt—China.

Mr Kelleher first visited the country in 1978 and subsequently spent nine months there. Co-production deals already account for more than a quarter of Verson's turnover and, what is more, it appears that Verson is known and trusted by the Chinese. "China is all about toxicity, commitment and time," says Mr Kelleher. The largest export market in the world could be just what Bronx needs.

Backing British engineering

BY DAVID GOODHART

"THERE IS no such thing as the British disease. It's complete nonsense, absolute rubbish," asserts Mr Tim Kelleher. He is chairman of Verson International and the latest immigrant (from the US) to fall in love with that sector so beloved by the natives — engineering.

The British, he believes, can compete technically and commercially with the best of Japan and Germany "and our workforce here is better than any I have come across anywhere in the world."

Nevertheless, Mr Kelleher thinks there has been a problem for small and medium sized engineering companies over the past 15 years—which forms the rationale for Verson's acquisition strategy.

The problem, shared by the US and several other European countries, is that many smaller engineering groups, private and public, were built on the buoyant domestic markets of the 1950s and 1960s. They were never large enough, or interested enough, to build a solid export presence, so when the domestic market declined the companies declined with them. The export effort was the first thing to be cut.

This is where Mr Kelleher comes in. "We bring together small businesses which would struggle to export on their own, afford the overheads involved in serious marketing and export drives."

The squeeze on smaller quoted businesses could also be accentuated by Big Bang, he claims as they find it more difficult to make a market in their shares. "Groupings of smaller companies, like Verson, now represent the future both from a business and a liquidity point of view," he says.

Out of this vision Mr Kelleher aims to build a company with a market capitalisation of £500m in the UK. His focus will be narrower than several of the better known mini conglomerates. He is not interested in anything far away from metals handling, forming or joining.

Growth, he hopes, will be split evenly between acquisitions and organic expansion. His target for acquisitions is one or two each year although he is already looking closely at two or three a month.

Mr Kelleher's international background ought to equip him for the task ahead. It has certainly convinced several senior executives from large companies such as Davy Corporation and Cincinnati Milacron to forego security and status to join a small, unknown, Darlington-based engineering group with some interesting prospects.

It was 14 years ago that Mr Kelleher as a young manager from Verson Allsteel Press Co. of Chicago first visited Europe to see what could be done with the company's plant in Belgium. He decided not to close it but to use it to build a truly international business.

In 1979 Verson was established in the UK and in 1985 Mr Kelleher and several executives, supported by Lloyds and Citicorp, bought from Verson Allsteel all its companies outside

the US and Canada. That now includes four factories and a distribution company in the UK and manufacturing or distribution bases in Hong Kong, Australia, Belgium, Chicago, Paris and India, with Spain later this year.

Mr Kelleher has built in effect a miniature specialist manufacturing and trading company in the Japanese model. The UK subsidiaries specialise in the supply of power presses, metal forming systems, welding machines and related equipment and are increasingly supplying sophisticated production processes rather than mere machine tools.

Most of the acquisitions to date have been the neglected



Mr Tim Kelleher, chairman of Verson

OT&T property deal adds £2m to annual profits

BY TERRY POVEY

Ocean Transport & Trading, which is contesting a £258m bid from Mr Ron Brilerley's Industrial Equity (UK), yesterday announced details of a property development which will add £2m a year to pre-tax profits.

Mr Nicholas Barber, managing director of the freight forwarding, fuel-distribution, shipping and trading company, said that the agreement with a subsidiary of Bellwinch involved the redevelopment of an 84-acre freestone site owned by the group at Millwall Wharf in London's Dockland. The riverside site is to be mainly used for flats, houses and shops.

For 1985, OT&T reported pre-tax profits of £31.9m after losses on ship sales of £5.6m. In the six months to June the company posted pre-tax profits of £15m (£15.7m in the same period in 1985).

Mr Barber said the development will be phased over a five-year period, with Ocean taking the major share of profits on the sale of the homes after expenses have been met.

Millwall Wharf was one of Ocean's commodity warehouses until 1988 and has been let as an industrial estate since then. Mr Brilerley's IEP Securities has increased its stake in Horizon, the UK's third-largest tour operator, to more than 17.5 per cent.

P & O promise does not apply to EF option

By Clay Harris

THE UNDERTAKING by Peninsular & Oriental Steam Navigation not to increase its holding in European Ferries, the shipping and property group, does not apply to a new issue of 8.46m shares over which P&O controls a call option.

P&O would not, however, be allowed to exercise the voting rights equivalent to 2.9 per cent of European Ferries' voting capital — while the Monopolies Commission is studying the relationship between the two companies.

P&O controls the option through its 50.01 per cent stake in European Ferries Holdings, which itself holds 20.8 per cent of European Ferries.

The remaining 49.99 per cent of EF Holdings is owned by Norramco, which was issued the new European Ferries shares as final payment for a property deal in the US.

Authority Investments in black

Authority Investments reversed last year's losses of £2.8m to pre-tax profits of £133,964 in the full year to April 30 1988. Turnover rose substantially from £2.5m to £7.1m.

However, the directors declined to recommend the payment of a dividend.

The directors said that the company was to be developed as an investment banking house with three main profit centres: banking services; investment; and property.

After tax of £1.616 (£2,352), earnings per share worked through at 3.1p compared to last time's losses per share of 51.97p.

Bromsgrove rights attracts only 18.9%

The rights issue staged by Bromsgrove Industries, the Worcester-based aluminium Worcester-based manufacturer, has flopped. Only 18.9 per cent of the 3.51m shares being offered at 70p a share were taken up; the rest have been left with the underwriters, stockbroker Albert E. Sharp.

Bromsgrove announced the £2.3m two-for-the-one rights last month along with a warning that its half-gures had been bit by a downturn in sales. It said a major customer had experienced disruption because of the transfer of a production line.

The rights issue was held to cut borrowings, increase working capital, and provide the means to finance further acquisitions. It was accompanied by a sharp fall in Bromsgrove's share price: after a surge to 140p in the summer the shares fell to 77p on the news and yesterday they closed unchanged at 70p.

DRG Canada

DRG Inc (Canada), the Canadian subsidiary of DRG, packaging and stationery maker and specialist contractor, increased its income in the nine months ended September 1988 to C\$6.53m (£1.27m) against a previous C\$5.56m.

Net income improved from C\$5.25m to C\$5.73m for income per share up from C\$0.91 to C\$1.04. Sales moved ahead from C\$ 85.49m to C\$95.37m.

RESULTS

Company	Price	Change	Yield (%)	Dividend	Dividend Yield (%)
High Low					
146 118 Asst. Gen. Ind. Ord.	135	-	7.3	5.5	4.1
151 121 Asst. Gen. Ind. Ord.	139	-	10.0	2.7	2.4
173 21 Airspang Group	94	-	7.6	1.1	1.3
46 28 Armitage and Rhodes	37	-	4.3	1.7	4.7
200 108 Barton Hill	203	+1	4.4	2.3	22.7
35 42 BCL Technology	154	+4	1.1	1.1	1.2
201 75 CCL Industries	98	-	3.9	3.0	7.0
152 88 CCL 11th Cove Pl.	23	-	15.7	17.6	-
253 80 Carborundum 7.5p Pl.	92	-	8.1	1.6	12.2
82 83 Carborundum 7.5p Pl.	92	-	10.1	11.8	-
146 46 Otebashi Services	146	-	7.0	4.8	15.2
32 20 Fredrick Parker Group	23	-	-	-	20.0
112 50 George	88	-	3.8	3.9	8.5
100 87 Ind. Precision Castings	94	+1	8.1	4.3	8.3
118 152 Isis Group	152	-	18.3	12.0	8.7
123 101 Jackson Group	128	-	8.1	4.8	8.7
277 228 James Burrough	268	-	2	17.0	4.6
100 65 James Burrough	123	-	12.9	13.9	-
1033 242 Mulhouse NV	780	-	-	-	40.9
287 280 Record Highway Ord.	379	-	14.1	16.2	4.8
100 87 Record Highway 100p Pl.	92	-	10.1	11.8	-
90 32 Robert Jenkins	57	-	-	-	3.8
38 28 Scottions "A"	38	-	5.1	4.5	7.8
127 66 Torday and Carlight	134	-	7.9	2.5	6.7
370 320 Trevian Holdings	322	-	7.9	2.5	6.7
70 25 Unilock Holdings	67	-	7.6	2.2	12.3
102 47 Walter Alexander	137	-	17.4	8.5	10.7
220 100 W. S. Vesta	137	-	17.4	8.5	10.7

BARLOWS, packer and warehouseman, incurred loss of £5,686 (profits £14,069) pre-tax in half year to June 30 1988. Turnover fell from £258,956 to £166,944. Loss per share 2p (earnings 3.4p). Tax nil (£4,227). There was extraordinary credit last time of £315,325. Making-up and packing sections of business to be closed at cost of some £70,000.

BRAY TECHNOLOGIES, heating equipment manufacturer, will apply for a full Stock Exchange listing in 1987, according to Mr John Ewart, the chairman. In the six months to June 30 1988, Bray lifted pre-tax profits from £435,000 to £550,000 on turnover of £4.2m (£4.1m). After tax of £204,000 (£181,000), earnings per share worked through at 8.24p (4.8p). The interim dividend is increased to 1.1p (1p).

AMBROSE Investment Trust interim dividend is lifted from 3.36p to 3.55p for the six

months ended September 30 1988 despite a fall in earnings per share to 4.4p (5.16p). Revenue amounted to £543,008 (£533,781) before tax of £158,620 (£165,895).

JITRA RUBBER pre-tax profits fell from £101,000 to £80,000 for the six months ended June 30 1988. After tax of £24,000 (£30,300) earnings per share were 0.5p (0.64p).

ERF HOLDINGS directors have decided not to pay the dividend on the 10 per cent cumulative preference shares due on October 31. A preference dividend was last paid on October 31 1982. At year-end March 29 1988, preference arrears stood at £230,000.

STOCKLAKE Holdings pre-tax profits improved from £2.82m to £4.02m for the year ended March 31 1988 despite a fall in turnover from £24.17m to £22.77m. After tax of £1.83m (£1.83m) earnings per 25p share were given as 50.6p, against 47.2p, while the dividend is unchanged at 12p with a same-again final payment of 9p.

**GRANVILLE**

Granville & Co. Limited  
8 Lovat Lane London EC3R 8BP

Telephone 01-621 1212  
Member of Fimbra

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201 75 CCL Industries	98	-	3.9	3.0	7.0
152 88 CCL 11th Cove Pl.	23	-	15.7	17.6	-
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AMBROSE Investment Trust interim dividend is lifted from 3.36p to 3.55p for the six

**COMPANY NEWS IN BRIEF**

SECURITIES Trust of Scotland is paying an interim dividend of 1p, to reduce disparity, for the six months ended September 30, 1988, compared with equivalent of 0.9p. Directors expect to recommend a total for the year of 3p (2.5p). Pre-tax profits were £5.58m (£3.69m). Earnings per share came out at 1.53p (1.53p). Net asset value at par was 122.3p (78.4p) and at market value 114.3p (79.8p).

POLYPIPE's current year had begun with extremely encouraging trends in all product sectors, particularly in underground drainage markets. Mr Kevin McDonald, the chairman, told the annual meeting. PolyPIPE manufactures and supplies plastic plumbing systems.

BRENT CHEMICALS International's rights issue received acceptance for 9,889,018 shares (£5.5 per cent). The balance of 474,535 shares was sold on the Stock Exchange at 139p per share and the excess over subscription price of 18.4p net will be distributed among the original allottees.

**NORTH MIDLAND Construction** returned to profits in the year to the end of August 1988 with a pre-tax figure of £155,000 (£55,000 loss). However attributable profits came out lower at £97,000 (£155,000)

Terry Dodsworth on the Franco-US group's microchip disposal

Schlumberger beats a retreat

MR JEAN RIBOUD, the charismatic chairman of Schlumberger and architect of its meteoric post-war expansion...

Schlumberger fell \$41.9m or 14 cents a share into the red in the third quarter of 1986...

Computer Aided Systems and an expected loss for divesting a small electronics business...

and the group argued that it needed vertical integration to bring the developers of the new electronics closer to users...

With the virtual disposal of Fairchild, Schlumberger is washing its hands of an adventure in electronics which has probably cost it about \$1.5bn...

world. On Wall Street, its share price was so strong that it stood among the top ten companies in market capitalisation...

In many ways, despite the love affair with the group on Wall Street, Schlumberger remained an intensely French company...

In this environment, Wall Street believes that Schlumberger has nowhere to go but down over the short term...

The fact that Schlumberger can face these changes with equanimity and with a share price which only trembled slightly yesterday, says a great deal about the underlying strength of the group...

Times may never be as good again for Schlumberger, but in the perspective of the heady days of the late 70's...

If there had been mere disclosure and discussion, Wall Street might have been somewhat more sceptical about Mr Riboud's diversifications...

Longer term, however, Wall Street has not lost hope. The replacement of Mr Michael Vailland, Mr Riboud's chosen successor...

WEEKLY PRICE CHANGES

Table with columns: Commodity, Lastest price, Change on week, Year ago, High, Low. Includes METALS, GRAINS, OILS, SEEDS, OTHER COMMODITIES.

Unquoted: (g) Madagasc. (v) Nov. (y) Oct-Nov. (n) Nov-Dec. (r) Dec.

INDICES

Table with columns: Index Name, Value, Change. Includes DOW JONES, ALUMINIUM, COPPER, MEAT, POTATOES, SUGAR, NICKEL, ZINC, TIN, GOLD, SILVER.

NEW YORK

PRECIOUS METALS closed marginally off session lows, reports Herald. Trading was described as quiet by market participants...

COFFEE 'C' 37,000 lb, cents/lb. Dec 180.67, High 181.50, Low 177.80, Prev 178.13...

COFFEE 'G' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'D' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'E' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'F' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'H' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'I' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'J' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'K' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'L' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'M' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'N' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'O' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'P' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'Q' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'R' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'S' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'T' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'U' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'V' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'W' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'X' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

COFFEE 'Y' 37,000 lb, cents/lb. Dec 178.10, High 178.25, Low 177.00, Prev 178.13...

ORANGE JUICE 15,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct.

PLATINUM 50 Troy oz, \$/Troy oz

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

SILVER 5000 Troy oz, cents/Troy oz

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

SILVER WORLD '71' 12,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

ALUMINIUM 40,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

COPPER 25,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

COFFEE 'C' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'G' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'D' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'E' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'F' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'H' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'I' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'J' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'K' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'L' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'M' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'N' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

COFFEE 'O' 37,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Allied bars Campeau acquisition

A FEDERAL JUDGE has granted Allied Stores a motion for a temporary restraining order...

The restraining order will bar Campeau from completing the purchase until a hearing next Friday...

Fiat silent on Alfa takeover

THE FIAT group yesterday chose to keep under wraps its proposed takeover bid for Alfa Romeo...

SIA first half expands by 20%

SINGAPORE AIRLINES (SIA), the island state's flag carrier, boosted group net profits 20.5 per cent...

Higher yen hits Japanese electronics

TWO BIG Japanese consumer electronics companies yesterday reported steep earnings setbacks...

PKbanken eyes \$650m deal

PKBANKEK, one of Sweden's "big three" commercial banks, is understood to be negotiating the takeover of Gntabanken...

Modest improvement at Exxon

EXXON, the world's biggest oil company, has bucked a trend in the last round of results from US oil groups...

CBS to sell education and music publishing interests

CBS, the US broadcasting and entertainment group, is to sell its educational and professional publishing interests for \$500m...

Elkem results slump to Nkr149m loss

ELKEM, the Norwegian metals, mining and manufacturing group, slumped to a pre-tax loss of Nkr 149m (\$20m)...

ALUMINIUM

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

COPPER

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

MEAT

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

POTATOES

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

SUGAR

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

NICKEL

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

ZINC

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

TIN

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

GOLD

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

SILVER

Table with columns: Unofficial close, High/Low, Change. Includes Cash, 3 months.

CHICAGO

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

LIVE CATTLE 40,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

LIVE HOGS 30,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

MAIZE 5,000 bu min, cents/bu

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

SOYABEAN MEAL 100 tons, \$/ton

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

SOYABEAN OIL 60,000 lb, cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

WHEAT

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

BARLEY

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

GAS OIL FUTURES

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

HEAVY FUEL OIL

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

LEADED GASOLINE

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

COFFEE

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

RUBBER

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

PHYSICALS

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

PRODUCTS

Table with columns: Month, Close, High, Low, Prev. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.



FOREIGN EXCHANGES Strong demand for dollar

DEMAND FOR the dollar was strong on the foreign exchanges yesterday, as the market continued to take a favourable view of this week's US economic data...

other major currencies. The pound rose sharply with the dollar in early trading but then fell back as economic fundamentals continued to worry the market...

decline of the yen, as Japanese investors in US bonds bought dollars. The Bundesbank did not intervene when the dollar rose to DM 2.0239 from DM 1.9803 at Frankfurt fixing.

On Bank of England figures the dollar's index rose to 111.5 from 108.8.

STERLING—Trading ranges against the dollar in 1980 are 1.5740-1.5790, September average 1.5711. Exchange rate index rose 1.4 to 67.8 compared with 76.4 six months ago.

YEN—Trading ranges against the dollar in 1980 are 2.4710-2.4790, September average 2.4688. Exchange rate index rose 141.3 against 125.5 six months ago.

£ IN NEW YORK

Table with columns: Oct 24, Close, Previous Close. Rows for 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Oct 24, Previous. Rows for 8.30 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm.

CURRENCY RATES

Table with columns: Oct 24, Rate, Special Drawing Rights, European Currency Unit. Rows for Sterling, U.S. Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: October 24, Bank of England, Morgan Guaranty. Rows for Sterling, U.S. Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with columns: Oct 24, £, \$, S. Rows for Argentina, Australia, Canada, etc.

POUND SPOT—FORWARD AGAINST THE POUND

Table with columns: Oct 24, Day's spread, Close, One month, % p.a., Three months, % p.a. Rows for US, Canada, Netherlands, etc.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Table with columns: Oct 24, Day's spread, Close, One month, % p.a., Three months, % p.a. Rows for UK, Canada, Netherlands, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Oct 24, Short term, 7 Day, 14 Day, One Month, Three Months, Six Months, One Year. Rows for Sterling, U.S. Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Oct 24, £, \$, DM, Yen, S Fr, H Fr, Lira, C \$, R \$, P \$, etc.

MONEY MARKETS

London nervous, but rates ease

INTEREST RATES eased slightly on the London money market today as sterling showed a firmer trend against major currencies, apart from the dollar.

UK clearing bank base lending rate 11 per cent since October 15.

rate at 7 per cent which it injected funds into the banking system, via purchases of certificates of first category paper.

NEW YORK

Table with columns: Treasury bills and bonds, Fed funds, etc.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 am Oct 24 3 months U.S. dollars, 6 months U.S. dollars, etc.

LONDON MONEY RATES

Table with columns: Oct 24, Over-ight, One month, Two months, Three months, Six months, One year. Rows for Interbank, Local Authority Deposits, etc.

TRADED OPTIONS

Table with columns: Calls, Puts, etc. Rows for Allied Options, B.F. (1950), etc.

OPTION

Table with columns: Oct 24, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows for Lloyds, etc.

OPTION

Table with columns: Oct 24, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows for Lloyds, etc.

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OPTION

Table with columns: Oct 24, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows for Lloyds, etc.

Old-style market retires in good form

Account Dealing Order

'First Declared' Last Account Dealing Day Oct 23 Oct 24 Nov 2 Oct 27 Nov 6 Nov 7 Nov 17 Nov 18 Nov 20 Nov 21 Dec 1

London's securities traders bade farewell to the old-style UK share and fixed interest markets in their own irrepressible fashion last night.

A surprise on a more serious note was supplied by the Bank of England which announced a firm near-future increase in the bank's base rate before the end of the session.

Further consideration of the OPEC agreement undermined all stocks again, and early firmness in British Petroleum and Shell was later replaced by small losses.

The FT-SE 100 index seven points up in the first hour and a half, closed a net 4.0 up at 1251.6.

FINANCIAL TIMES STOCK INDICES

Table with columns: Oct 24, Oct 23, Oct 22, Oct 21, Oct 20, Year ago, 1986 High, 1986 Low, 1985 High, 1985 Low. Rows for Government Secs, Fixed Interest, etc.

Composites up again

Composite insurance companies attracted investors in the wake of a Phillips and Drew buy recommendation ahead of the forthcoming quarterly season.

Clearing banks ended the week on a quietly firm note. Lloyds added 7 to 40pp and Barclays put on 5 at 464p.

The shares of the underwritten bideware concern Westwood made a very poor market debut, offered at 140p.

FT Ordinary Share Index



gave ground across the board, although dealers responded to minimal enquiry. Quotations have given ground since Wednesday.

Losses among top-quality Golds extended to cover shares in Vasil Reeds, £214, and Baulhastine, £294, St Helena, 801p, and Freagold, 600p.

LONDON TRADED OPTIONS

Large table with columns: Calls, Puts, etc. Rows for Allied Options, B.F. (1950), etc.

Oil's drift

Oil's rounded off the Account in subdued fashion. British Petroleum drifted progressively lower to close 12 down at 846p.

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LONDON STOCK EXCHANGE

THURSDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of shares, Day's change, etc. Lists various stocks like British Airways, British Telecom, etc.

5-DAY ACTIVE STOCKS

Table with columns: Stock, No. of shares, 5-day change, etc. Lists active stocks over a five-day period.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, Closing price, Day's change, etc. Lists active stocks from the previous day.

NEW HIGHS AND LOWS FOR 1986

Table with columns: Stock, High, Low, etc. Lists new high and low prices for various stocks in 1986.

LEADERS AND LAGGARDS

Table with columns: Stock, Change, etc. Lists leading and lagging stocks.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise, Fall, etc. Lists stocks that rose or fell yesterday.

DEALINGS

Details of business done shown below have been taken with consent from the Stock Exchange Official List and should not be reproduced without permission.

CORPORATION & COUNTY

Details of transactions for Corporation and County stocks.

UK PUBLIC BONDS

Details of transactions for UK public bonds.

FOREIGN STOCKS

Details of transactions for foreign stocks.

STERLING ISSUES BY OVERSEAS BORROWERS

Details of sterling issues by overseas borrowers.

COMMERCIAL INDUSTRIAL

Details of transactions for commercial and industrial stocks.

BANKS, DEBENTURES

Details of transactions for banks and debentures.

McCarthy Stone 70c/100 1987-92 2018 9 (21/10) ...

N-O-P

North British 100c/100 1987-92 2018 9 (21/10) ...

Q-R-S

Quintessential 100c/100 1987-92 2018 9 (21/10) ...

T-U-V

Telecom 100c/100 1987-92 2018 9 (21/10) ...

W-X-Y-Z

Windsor 100c/100 1987-92 2018 9 (21/10) ...

Windsor 100c/100 1987-92 2018 9 (21/10) ...

INSURANCE

Insurance companies and their shares.

INVESTMENT TRUSTS

Investment trusts and their shares.

PROPERTY

Property companies and their shares.

PLANTATIONS

Plantation companies and their shares.

RAILWAYS

Railway companies and their shares.

UTILITIES

Utility companies and their shares.

MINES-SOUTH AFRICAN

Mining companies in South Africa.

MINES-NORTH AFRICAN

Mining companies in North Africa.

MINES-OTHER

Other mining companies.

WATERWORKS 4.50c/100 1987-92 2018 9 (21/10) ...

UNLISTED SECURITIES MARKET

Details of unlisted securities.

SPECIAL LIST

Details of special list securities.

PLANTATIONS

Details of plantation securities.

RAILWAYS

Details of railway securities.

UTILITIES

Details of utility securities.

MINES-SOUTH AFRICAN

Details of mining securities in South Africa.

MINES-NORTH AFRICAN

Details of mining securities in North Africa.

MINES-OTHER

Details of other mining securities.

Amesbury 100c/100 1987-92 2018 9 (21/10) ...

FINANCIAL TIMES SHARE INDICES

Table showing share indices for various categories like FTSE 100, FTSE 250, etc.

FIXED INTEREST

Table showing fixed interest rates for various terms.

Equity section or group

Table showing equity section or group data.

Equity section or group

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Table showing equity section or group data.

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FT UNIT TRUST INFORMATION SERVICE

EQUITIES

Table with columns: Issue, Date, Price, Change, etc. Lists various equity securities and their market performance.

FIXED INTEREST STOCKS

Table with columns: Issue, Date, Price, Change, etc. Lists fixed interest securities and their market performance.

"RIGHTS" OFFERS

Table with columns: Issue, Date, Price, Change, etc. Lists rights and offers for various securities.

Remuneration table usually last day for listing fee of stamp duty. A Annual dividend. B Dividend based on prospectus estimates. C Dividend not paid or payable on stock of closed cover based on dividend on full capital. D Assumed dividend and yield. E Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings indicated by latest interim statement. G Dividend and yield based on prospectus or other official estimates for 1987. H Estimated annual dividend cover and yield based on latest interim statement. I Forecast annual dividend cover and yield based on prospectus or other official estimates. J Pro Forma Figures. K Estimated dividend cover ratios to previous dividend; pro ratio based on latest annual earnings. L Forecast, or estimated annual dividend ratio, cover based on previous year's earnings. M Issued by tender. N Offered holders of ordinary shares in a "Rights" issue. O Issued by way of capitalisation. P Estimated price. Q Retained. R Issued in connection with registration of securities. S Allotment price. T Unlisted securities market. U Official London listing. V Including takeover conditions.

UNIT TRUST, INSURANCE OFFSHORE, MONEY MARKET LISTINGS

For further advertising information, please contact: Pamela Faulkner, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY, Telephone: 01-248 8000, Ext. 3219

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc. Lists European options exchange data.

BANK RETURN

Table with columns: BANKING DEPARTMENT, ASSETS, LIABILITIES, etc. Shows banking department returns and assets/liabilities.

ISSUE DEPARTMENT

Table with columns: ASSETS, LIABILITIES, etc. Shows issue department returns and assets/liabilities.

AUTHORISED UNIT TRUSTS

Main table listing various unit trusts, their managers, and performance data. Includes columns for Issue, Date, Price, Change, etc.

FT UNIT TRUST INFORMATION SERVICE

Continuation of the main table listing unit trusts, their managers, and performance data.

# AUTHORISED UNIT TRUSTS & INSURANCES

Windsor Trust Managers Ltd  
2 Newby Lane, London EC2A 4BT  
Tel: 01-499 9096  
Fax: 01-499 9097

Windsor Trust Managers Ltd  
23 Kingsway, London, WC2B 6UN  
Tel: 01-499 9096  
Fax: 01-499 9097

Wright Securities Fund Managers Ltd  
11 Bedford St, London EC2A 7AY  
Tel: 01-499 9096  
Fax: 01-499 9097

The Yorkshire General Trust  
Windsor Pl, Farnley, Wakefield  
W.V.1  
Tel: 01924 22220  
Fax: 01924 22221

## INSURANCES

**AA Friendly Society**  
Investment Dept M & G Inc Ltd  
100 St Giles Street, London EC4A 3DF  
Tel: 01-499 9096  
Fax: 01-499 9097

**Abbeys Life Assurance Co Ltd**  
80 Victoria Road, Southampton  
Tel: 01-499 9096  
Fax: 01-499 9097

**Acton Life Insurance Co Ltd**  
401 St John St, London EC1V 4DE  
Tel: 01-499 9096  
Fax: 01-499 9097

**Albany Life Assurance Co Ltd**  
3 Dorset Lane, Putney, London SW15 2DU  
Tel: 01-499 9096  
Fax: 01-499 9097

**Allied Bankers Assurance Plc**  
Allied Bankers City, London EC1A 1EL  
Tel: 01-499 9096  
Fax: 01-499 9097

**Amersham Life Assurance Co Ltd**  
80 Holborn Circus, London EC1A 1JF  
Tel: 01-499 9096  
Fax: 01-499 9097

**Amicable Life Assurance Co Ltd**  
2-4 Abchurch Lane, London EC4A 3DF  
Tel: 01-499 9096  
Fax: 01-499 9097

**Bank Assurance Funds**  
20, Clement St, London, EC1V 4TY  
Tel: 01-499 9096  
Fax: 01-499 9097

**Barclays Life Assurance Co Ltd**  
100 Broad Street, London EC2A 4DB  
Tel: 01-499 9096  
Fax: 01-499 9097

**British National Life Assurance**  
100 Broad Street, London EC2A 4DB  
Tel: 01-499 9096  
Fax: 01-499 9097

**City of Edinburgh Life Assurance**  
46 Charlotte St, Edinburgh EH2 4AG  
Tel: 01-499 9096  
Fax: 01-499 9097

**City of Westminster**  
100 Broad Street, London EC2A 4DB  
Tel: 01-499 9096  
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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

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Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Table listing management services and offshore/overseas funds, including company names, fund names, and numerical values.

Table listing management services and offshore/overseas funds, including company names, fund names, and numerical values.

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Table listing management services and offshore/overseas funds, including company names, fund names, and numerical values.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, value, and other metrics.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account name, and value.

TRADITIONAL OPTIONS

Table listing Traditional Options with columns for option name, value, and other metrics.

3-month call rates

Table listing 3-month call rates with columns for instrument name and rate.

NOTES

Text providing notes and additional information regarding the financial data presented in the tables.



INDUSTRIALS - Continued

Table of industrial stocks including companies like Shell, BP, and various manufacturing firms with columns for stock price, volume, and other financial metrics.

LEISURE - Continued

Table of leisure and entertainment stocks including companies like British Airways, Virgin Atlantic, and various media companies.

PROPERTY - Continued

Table of real estate and property-related stocks including various land and building companies.

INVESTMENT TRUSTS - Cont.

Table of investment trusts and funds, including various equity and bond funds.

FINANCE, LAND - Cont.

Table of financial and land-related stocks, including banks, insurance companies, and landowners.

MINES - Continued

Table of mining stocks, including various metal and coal mining companies.

INSURANCE

Table of insurance stocks, including various life and general insurance companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks, including major media outlets.

SHOES AND LEATHER

Table of shoe and leather goods stocks, including manufacturers and retailers.

SOUTH AFRICANS

Table of South African stocks, including various local companies.

TEXTILES

Table of textile stocks, including various clothing and fabric manufacturers.

TOBACCO

Table of tobacco stocks, including various tobacco companies.

**NO PEPE**  
SPAIN'S SHERRY  
GONZALEZ BYASS

### US glosses over record \$220.7bn deficit

By Lionel Barber in Washington

THE US Administration yesterday sought to gloss over a record \$220.7bn (£156bn) Federal deficit for the 1985-86 fiscal year.

Mr Ed Dale, chief spokesman for the Office of Management and Budget, predicted a reduction of at least \$50bn in the deficit for the 1987/88 fiscal year, taking the figure down to between \$160bn and \$170bn.

He said: "This is a conservative estimate. If the economy grows at the Administration's projected growth rate of 4 per cent next year, the deficit will be even lower."

The \$170bn figure is still well above the \$144bn deficit target set by the Gramm-Rudman-Hollings law, which calls for a halved budget by 1991. Although the figure of \$220.7bn was the highest in US history, it was not as high as the \$230bn predicted by budget officials two months ago.

Economists said the performance of the US economy next year would be decisive in shaping the deficit for the 1987-88 fiscal year. Mr Dale agreed, but added that it would need a marked downturn to push the deficit target aside. "Barring a terrible performance, you will see a whopping cut in the deficit," he added.

Some economists believe the Administration's forecast growth rate of 4 per cent is optimistic. The Office of Management and Budget has said that a 1 to 2 per cent growth rate in 1987 would impair the \$170bn aim.

Officials argue that defence spending—a key reason for the bloated deficit, along with the big 1982 tax cut—now under control. This follows a \$30bn cut to \$290bn in the 1987 budget forced by congressional pressure.

Mr Dale pointed out that the \$290bn defence spending ceiling for 1987 compares with the Pentagon figure of \$398bn drawn up in 1984 as part of a five-year spending plan.

### Lloyd's to pay Manville \$62.2m

By David Blackwell in New York

LLOYD'S of London is faced with payments totalling \$62.18m (£44.01m) to Manville, the US company against which huge claims for asbestos-related illness have been made.

Manville, which has been operating under Chapter 11 of the US bankruptcy code since August 1982, said it had reached an out-of-court settlement providing for payment in three annual instalments. The first is due on July 1 next year or when Manville comes out of Chapter 11, whichever comes later.

Manville sued Lloyd's and 26 other insurance groups in March 1982, seeking a court determination of their obligation to pay for losses suffered by Manville arising from the asbestos-related claims.

Payment of the latest settlement is secured by a trust into which cash and funding contracts purchased by Lloyd's from Metropolitan Life Insurance have been deposited.

## Wave of Japanese buying brings sharp dollar rise

By JANET BUSH AND IAN RODGER

JAPAN'S major banks yesterday delivered a reminder of their power to determine the direction of foreign exchange trading and triggered a wave of dollar buying which took the currency to its highest level for months.

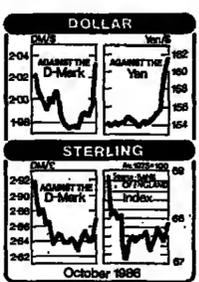
The buying started in New York late on Thursday and carried on in the Far East through the night. Volume in the Tokyo spot market hit a record \$8.9bn (£6.2bn) as large-scale institutional purchases forced smaller players into the market. Later, Europeans scrambled to cover their short dollar positions as well.

The dollar touched a high of ¥162.50 in Tokyo, its peak since early July, before slipping back slightly on unconfirmed rumours that the Bank of Japan had sold dollars above ¥160.

Mr Satoshi Sumita, Governor of the Bank of Japan said the rise reflected a return of confidence in the US economy following the announcement on Wednesday that US gross national product had grown at an annual rate of 2.4 per cent in the third quarter.

The dollar's new-found popularity was underlined by Thursday's larger than expected 4.9 per cent jump in US durable goods orders in September compared with a year before. Orders were strong across the whole range of sectors and provided what traders regarded as the first convincing sign that the US economy has picked up in response to the dollar's big depreciation in the last year.

The more positive mood was enhanced when President Ronald Reagan marked the beginning of his campaign for Congressional elections on November 4 by claiming that the US was on the verge of a second economic boom.



October 1986

US durable goods orders in September compared with a year before. Orders were strong across the whole range of sectors and provided what traders regarded as the first convincing sign that the US economy has picked up in response to the dollar's big depreciation in the last year.

The more positive mood was enhanced when President Ronald Reagan marked the beginning of his campaign for Congressional elections on November 4 by claiming that the US was on the verge of a second economic boom.

In London, the dollar ended near its day's highs yesterday at DM 2.0320, up about four pence from the close on Thursday, and at ¥161.35 compared with its previous close at ¥158.15.

European trading was dominated by the dollar's movement against the yen, which spilled over into selling of D-Marks and other currencies in favour of the dollar.

Sterling had a volatile day, pushed and pulled by the dollar's fluctuations. Overall, it fell back against the dollar but made headway against continental currencies, rising three pence against the D-Mark to close at DM 2.57. It closed at 67.9 on its trade-weighted index against a basket of currencies compared with 67.5 on Thursday night.

Demand for dollars continued in New York although its rate against other currencies did not rise far above European levels and the pound was little changed.

US dealers were sceptical about the Japanese interpreting the economic figures as a sign of a pick-up in growth. The durable goods figures are regarded as volatile.

Money markets, Page 11

### Freedom on the buses as 50 years of regulation is abolished

By Kevin Brown, Transport Correspondent

FIFTY YEARS of protection in the British bus industry comes to an end today as operators gear up for the introduction of virtually unfettered competition.

The Transport Act 1985, which comes into effect at midnight, allows anyone who can satisfy safety regulations to start a bus service simply by registering the route with the Traffic Commissioners.

The act also sets out to ensure fair competition by breaking up the publicly-owned National Bus Company and forcing local authority bus companies to operate on a commercial basis. It does not apply to London, which was partially deregulated in 1984.

The immediate effect on the majority of bus passengers is likely to be negligible. Only 200 new bus operators have entered the market and there will be competition on only 3 per cent of routes.

The main exception is Glasgow where the number of operators has increased from 20 to 190, causing fears of traffic chaos in the city centre.

Predictions by opponents of deregulation that many less-used routes will vanish appear likely to prove wide of the mark. Registered with the Transport Commissioners indicate that buses will continue to operate on almost all existing routes, though some rural and special services may disappear.

About 30 per cent of routes will be subsidised by local authorities on the basis of social need under a tendering system which the Transport Department estimates will reduce the total annual subsidy bill from £58m to about £32m.

The most significant innovation created by deregulation is the introduction of minibuses services on a large scale. About 3,000 small buses are being introduced by subsidiaries of NBC and thousands more by other operators.

Taxi will also be allowed to operate bus routes with scheduled timetables, though only about 50 have registered so far.

Mr John Moore, Transport Secretary, said yesterday deregulation was essential to prevent the disappearance of the bus industry, which had lost half its market in 30 years, while fares and subsidies had risen inexorably.

"What we are doing is good for passengers, good for ratepayers and good for the bus industry," he said.

Mr David Mitchell, the minister responsible for implementing deregulation, said there was likely to be confusion for the first few weeks as operators settled down to the new system.

Mr Denis Quin, director general of the Bus and Coach Council, which represents bus and coach operators, said the Government had chosen a "bureaucratic" and "clumsy" method of deregulation.

The Labour Party said deregulation would lead to the loss of marginal routes.

Mr Norman Willis, TUC general secretary, said the transport trade unions would be monitoring the loss of services caused by deregulation "together with the chaos caused by private operators scrambling to grab profits at peak periods."

Feature, Page 6

## Banks in capital strength pact

By DAVID LASCELLES IN AMSTERDAM

INTERNATIONAL bank supervisors have decided to try to set a minimum common standard of capital strength for banks which compete in the international market place.

This is the principal outcome of one of the largest gatherings of banking officials ever held, with 180 delegates from 90 countries meeting in Amsterdam to discuss their determination to strengthen the international banking system at a time when innovation and regulatory change are adding to the risks of the business.

In a communique issued at the end of the two-day meeting, the officials said it was "the clear sense of the meeting that supervisors should press ahead to secure agreement on comparable minimum standards of capital adequacy for international banks."

Mr H. J. Muller, executive

director of the Dutch Central Bank, which organised the meeting, said officials had settled technical questions on the definition and measurement of bank capital and now wanted to apply them as broadly as possible.

The meeting was the first time that such a large number of banking supervisors had reached broad agreement, he said, though the leading banking countries are already working together through organisations like the Basic committee of international bank supervisors.

Although agreement on a universal capital standard is likely to take some time, the Amsterdam communique indicates the supervisors' readiness to tackle one of the main problems of international banking. Banks from different countries operate

internationally using widely varying amounts of capital. This raises questions of soundness and competitive equality.

Mr Muller said the supervisors had also agreed on other issues, including the disclosure by banks of loan commitments which do not appear on their balance sheets and limits on the amounts that they can lend to a single customer.

Mr Peter Cooke, the Bank of England official who chairs the Basic committee, said the meeting had also agreed on ways to improve information-sharing among banking supervisors in different countries. He did not believe that bank secrecy laws were a big obstacle to this.

The accord reached has regulatory force but is intended to demonstrate the banking authorities' wish to develop an internationally harmonised system of banking supervision.

## French-led space plan starts

By PETER MARSH

WESTERN EUROPE has formally started to develop Hermes, a manned space vehicle to be carried into orbit by an Ariane rocket. This has happened in spite of some scepticism, particularly from Britain, that the French-inspired project might be too costly and detract from other space programmes including the UK's Hotol project.

Mr Geoffrey Zetse, the UK industry minister responsible for space technology, said Hermes might turn out to be "a prestige project." He suggested that Europe might do better putting all its resources into Hotol, a launcher that promises to fly from an ordinary runway.

The 11 member countries of the European Space Agency have until the end of next month to decide how much to contribute to the \$50m (£33m) design phase of Hermes.

Mr Zetse said that Hermes could turn out to be a "prestige project" aimed simply at putting Europeans into space, whereas Hotol-like vehicles offered the opportunity to reduce the cost of taking people and materials into orbit.

However, the question of funding for Hermes and Hotol was a matter for Europe as a whole to decide. "As a member of a club, we (Britain) will go along with whatever is agreed," he said.

The shape of Europe's space programme over the next decade is due to be decided at a special ministerial meeting of the agency next summer. The countries will decide then whether to go ahead with building Hermes and the two other big programmes now in the design phase—manned space station, Columbus, and a more powerful form of Ariane. The meeting would also decide the priority of other projects such as Hotol and the similar Sanger project proposed by West Germany.

France has said it will pay 40 to 45 per cent of design costs. West Germany has agreed to provide up to 30 per cent although it says it will go along with whatever is agreed.

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## Eurotunnel Continued from Page 1

Eurotunnel's bankers and brokers were understood to be meeting urgently in London last night to discuss the next move. The failure to achieve the target by last night is a blow to the project's credibility, however much the consortium tries to put a brave face on it.

Eurotunnel denied last night that the placing had failed. It stressed that the full prospectus issued earlier this week had said that subscriptions were payable "not later than 2 pm London time on October 29."

"There is still plenty of time for the subscriptions to come in," a spokesman said. "There was no indication of where the shortfall had occurred, although there has been concern that not enough British institutions were supporting the project."

Earlier yesterday it had seemed that Eurotunnel's British brokers were close to achieving the £70m target, several major institutions having pledged support.

British institutions which have said they will subscribe include Prudential, which is understood to have pledged £5m, Norwich Union, which has pledged £1.5m, and National Provident, which has put up less than £5m.

Standard Life also said that it had subscribed "a reasonable amount," but declined to say how much.

Eurotunnel is seeking to raise a further £70m in France. It is thought unlikely that the consortium will have had any

difficulty raising this sum. The French placing has been considered a virtual fait accompli for several months.

In addition, £80m is due to be raised in roughly three equal tranches in Japan, the US and the rest of the world. There is thought to have been particularly strong interest in the placing from Japanese institutions.

The consortium has the flexibility to raise more from overseas markets to cover shortfalls elsewhere, but would prefer not to.

It will be working hard to bring subscriptions up to the £206m by next Wednesday and to limit any further damage to the project's credibility, with a much larger £750m share offer planned for next summer.

## Fujitsu/Fairchild Continued from Page 1

nologies, according to Mr Brooks. For Fujitsu, the acquisition of a controlling interest in Fairchild represents an opportunity to increase US sales without creating trade friction.

Under the recent US-Japanese trade agreement, Fujitsu has been forced dramatically to increase its US prices for memory chips. Now Fujitsu is expected to move quickly to establish a US memory chip manufacturing plant that will not be subject to government price controls.

With the Fujitsu share purchase, Fairchild will be "expanded by integrating Fujitsu's US semiconductor business and the company's German operations" with Fairchild, according to the companies.

Schlumberger will hold a 20 per cent stake. Fujitsu's interests in the US already include Fujitsu America a telecommunications and computer equipment company and Fujitsu Microelectronics, a semiconductor subsidiary. Fujitsu's other large US investment is its 47 per cent

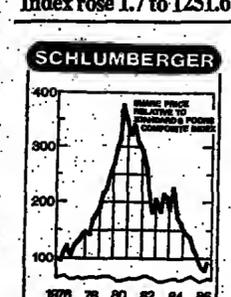
ownership of Amdahl Corporation, a mainstream computer manufacturer. ICL, the largest British-owned computer maker, has a technology collaboration agreement with Fujitsu, which supplies chips for ICL's large machines.

As Japan's largest computer maker, Fujitsu has been hit by the fall in semiconductor prices and the appreciation of the yen. The group saw pre-tax profits fall by 70 per cent to ¥37.3bn (£163.5m) for the year ended March 1986.

### THE LEX COLUMN

# Bad dreams at Schlumberger

Index rose 1.7 to 1251.6



The last day of the old era passed quietly in London, but New York provided a foretaste of the new. In the largest block trade ever, a Canadian stores group bought some 26m shares of Allied Stores at \$67 a share. This is roughly 50,000 times the average bargain size in London before the Big Bang.

But London failed to display its much-vaunted traditional flexibility in financing out-of-the-ordinary projects. Eurotunnel failed to find the City portion of its £200m second-stage financing. Perhaps the City does not feel confident enough about anything to take a long view of risk right now.

There is no agreement whether Schlumberger's fall from grace is the result of a momentary blunder or bad luck of tragic proportions, but fall it certainly has. In 1978, when Schlumberger bought the Fairchild semiconductor business, it seemed to be recognizing that it could no longer go on squeezing such spectacular growth from its semi-monopoly position in logging oil wells. But in 1982, even as its oil service markets were crumbling and Fairchild still not making money, Schlumberger was still probably the most profitable large industrial company of all: the after-tax return on sales was over 20 per cent and the balance sheet gold-plated.

Since then Schlumberger's major markets have collapsed, the heroic aura of management quality has vanished, and the company is operating at a loss. And yesterday's transfer of 80 per cent of Fairchild to Fujitsu will probably bring another moderately sized chunk out of a balance sheet that stood \$500m in write-offs last year.

Schlumberger might conceivably have held on. The business has absorbed well over \$1bn in Schlumberger cash, and is held to be well-placed if (rather than when) the semiconductor market turns up. In other words, Fujitsu would appear to be getting more than just a passport to carry its commodity chips past US trade barriers and the balance sheet, possibly, to queue for Pentagon subsidies.

But having written off most of its capital in Fairchild, Schlumberger has evidently de-

ided that chips are not a bit like wireline after all, and it cannot afford the drain from chip-making when it must concentrate on seeing its core operation through deep recession all over the world. A company that always charged a premium is now discounting on its wireline services to maintain its market share, and cutting costs drastically. Whether the expensive new drilling operations will be kept is another matter.

A write-off in the fourth quarter of even \$1bn, including the oil-service assets, would still leave a balance sheet with about five times as much equity as long-term debt. Schlumberger can afford to wait quite a while for the drilling rigs to reappear. Research spending, and the dividend, are probably just about safe.

Equities

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طرازات الاموال

قبر الاموات

# WEEKEND FT

Saturday, October 25 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Thoroughly modern Will

**N**EXT THURSDAY is Big Bang in the world of Shakespeare publishing. The first manifestation of eight years labour by the Shakespeare Department of the Oxford University Press will appear in the bookshops: William Shakespeare, The Complete Works, one volume in modern spelling. It weighs just under a stone on my bathroom scales, and retails at £12.95.

Whether flatterings there may be in the dovecotes of academic English faculties as a result of this fresh look at the canon of Shakespeare's texts — and they are likely to be lively — it cannot fail, at that price, to be the book bargain of the year.

The Shakespeare Department was established by the OUP in 1978. The Press felt that to do the job properly the Bard's editors should be released from the routine teaching and administrative workloads, which usually combine with textual editing. The cost of the project, so far, has been £1.2m, not including printing and binding of the editions. The department has its own premises separate from the main building of the Press — offices that once housed the editors of the Oxford English Dictionary.

Stanley Wells, a name familiar to users of the New Penguin Shakespeare and of the new multi-volume Oxford one, was appointed editor. Now in his late 50s, Wells was formerly the resident fellow in Stratford-on-Avon, of the Shakespeare Institute, a graduates' centre. He is a sensitive, quick-thinking scholar whose prominent features suggest that he might suitably be cast as Kent in King Lear, or possibly Prospero, in The Tempest. In private life he is married to the novelist Susan Hill. Wells was joined in the OUP Shakespeare Department by the much younger, "whizz-kid" academic, Gary Taylor, who has now gone off to teach at the Catholic University of America. Under their general editorship two more scholars, John Jowett and William Montgomery, were appointed to work on individual texts; the team was completed by a secretary, filing cabinets, a bulletin-board and two or three computers. Wells and Taylor were told to go away and do nothing but breathe, eat, talk, read, sleep and dream Shakespeare until they had come back with the best, the most authoritative edition of one of the world's greatest writers.

But why is this massive overhaul of Shakespeare's texts considered necessary? After all, it is not as if there were a serious lack of one-volume editions of the Complete Works; several, modestly priced, are on the market already. And why is it considered necessary for both the Oxford and the Cambridge University Presses to be currently publishing rival multi-volume editions?

The two new multi-volume editions will not be complete for several years. Meanwhile if you want an edition already complete in separate volumes you have a choice of at least two: the New Penguin (all but complete) and the Arden. The Royal Shakespeare Company uses the Penguin edition; the Arden, published by Methuen, is an admirable edition for general use. But if you were thinking of buying a complete set of the Arden edition, be warned. By the next decade it will be obsolete.

**The latest revision of The Complete Works has cost £1.2m. Anthony Curtis reviews a radical Bard.**

Already plans are under way for a New Arden edition, the first volumes of which will appear in the 1990s.

But why? The answer is two fold: the astonishing and continuing vitality of Shakespeare's work, constantly being produced in the theatre, read for pleasure and re-examined critically; and the way that work has been transmitted historically. Although we have one or two precious scraps of Shakespeare's handwriting we do not have the manuscripts of any of his plays — the original texts.

What we have, in many cases, is a version or versions printed during Shakespeare's lifetime; the Quarto; and another version in a collected edition, edited by two of his actor colleagues after his death, the Folio.

Not only are there many disparities between the Q and the F texts, there are also, for many of the plays, more than one edition of Q and F. There are even disparities between different copies of the same edition. Early printers would sometimes stop the press, while running off an edition, to correct a mistake. In the laborious task of collating all these variants, modern photocopies and computerised concordances, now readily available, are a great resource. But however rapidly and efficiently the evidence may be marshalled by new technology, the crucial decisions remain human.

Take one example. At the opening of King Lear, when the enraged king is threatening to assault Kent, the Folio version has the line: "Alas, poor, dear Sir, forgive me this; I mean, my service." Albany and Cornwall are defending Kent or that Albany and Cordelia are defending him? Either is possible; either works in production; but each gives a different emphasis at this important juncture. Someone has to decide what to do about that line when the play is printed in a modern spelling edition. That someone is the editor.

The versions of Shakespeare's plays that we have seen in the theatre, and the texts we have been using all our lives — which we subconsciously regard as sacrosanct — are made up from hundreds of controversial editorial decisions of this kind. Ever since the 18th century, when Shakespeare was edited by men of the calibre of Pope and Johnson, strenuous debate has been in progress not only about the major textual questions, but also on the basic assumptions by which answers to these questions may be reached. The debate has now arrived at a fascinating, radical point, and the new Complete Oxford

edition will serve to give the argument the widest exposure.

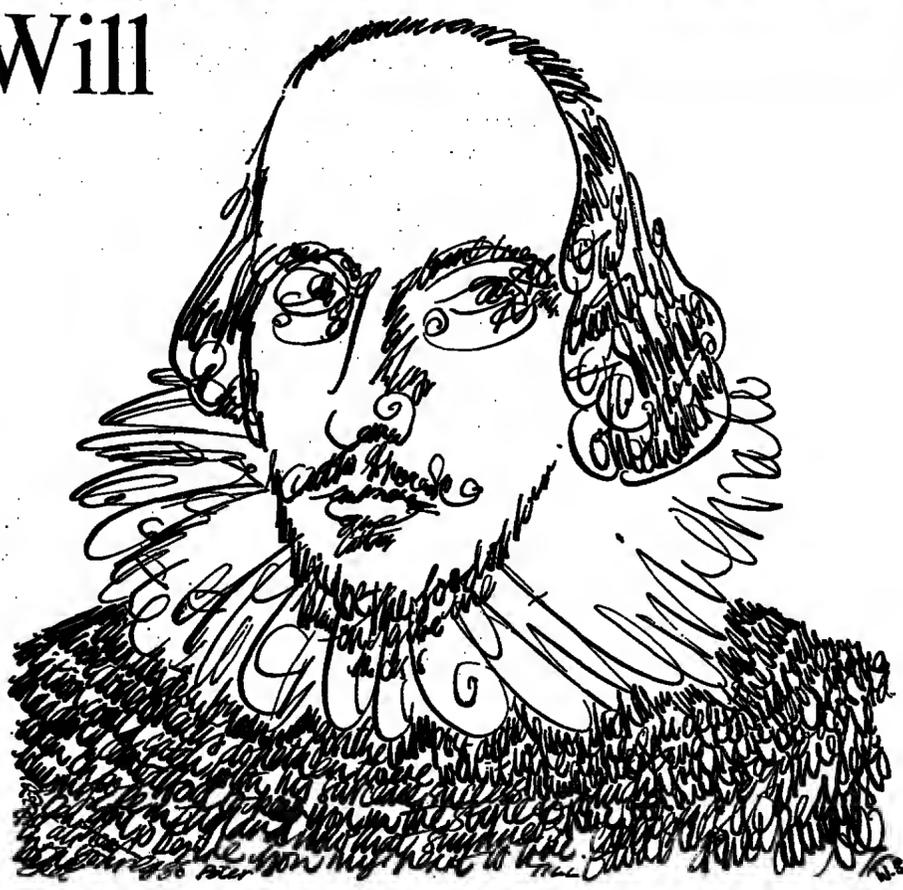
Its main thrust turns on whether you think Shakespeare was a one-off man who wrote his plays once and once only, leaving others to tinker with them when they were performed on different occasions and in varying circumstances; or whether you think Shakespeare himself considerably revised and reworked his texts in the light of experience gained; whether through performing in them or observing them being performed. Shakespeare's colleagues who saw his plays into print in the Folio version after his death tell us that he seldom corrected — "blotted" — anything. Influenced by this, scholars up to now have seen the disparities between texts arising from a variety of causes other than by Shakespeare simply changing his mind.

In the case of a "best" Quarto text — that is a text widely available with other Quartos and the Folio, such as, for example, the 1608 Hamlet — scholarly editors have invoked a 17th century practice they call "memorial reconstruction," a text supposed to have been printed from a version remembered verbatim by an actor or group of actors. Surely, though, it is a very odd memory that records the name Polonius as Corambis?

Leaving aside that very special case, editors have regularly set to work by thinking back to Shakespeare's original manuscript text, to which the versions we have must approximate with varying accuracy. They then have to decide whether one version can supply the deficiencies of another, and they end by giving their readers a composite version compiled from the Quarto and the Folio, translated into modern spelling. The idea, particularly striking in Othello and Lear, that different contemporary versions might have arisen through Shakespeare rewriting his own plays, was ruled out of court by most scholars until about 15 years ago.

One small dissenting voice, from the theatre itself, was Granville Barker's; a second, that of another scholar with practical experience of the theatre, was Nevill Coghill's. His Clark Lectures, delivered at Cambridge in 1959, were titled Shakespeare's Professional Skills. In them Coghill offered "a dramatic, surgical analysis of certain passages in the 1623 Folio text of Othello which diverges from the 1622 Quarto text... which divergences can only be explained on the supposition that, in this play at least, Folio embodies a Shakespearean revision of a play that appears in the Quarto."

In the office of the OUP's Shakespeare Department the two editors, Stanley Wells and Gary Taylor, became more and more convinced of the truth of this line of thought. Taylor in particular emerged as a zealous revisionist; three years ago he co-edited a book of essays, The Division of The Kingdoms; Shakespeare's Two Versions of King Lear, by scholars of similar persuasion. They pointed to things such as the diminution of the part of Kent in the Folio text, and the speeding up of the political intrigue; and the absence of that scene where Lear, designating the Fool and Mad Tom as learned justices, conducts a trial of Regan and Goneril in the novel while



the storm rages outside. Such changes, it was argued, were the result of Shakespeare having a rethink about the play after seeing it acted — and, possibly, sensing the hot breath of the Master of the Revels (the Censor) on his neck.

Wells (who the first article in the volume and stated the main argument for Shakespeare as a reviser. What, then, were he and Taylor going to do when they came to print the text of King Lear in their Complete Oxford Edition? Would they use the Quarto version with its mock trial, or would they settle for the later, somewhat leaner Folio version?

With other Shakespeare plays, where a similar problem arises, Wells and Taylor have solved it by printing additional passages as an appendix at the end; but they decided the two versions of King Lear were so distinct that the only thing to do was to print both versions, one after the other. We get two Lear's for the price of one. To call them different plays would be an exaggeration, but there are one or two points where the ordinary reader will be conscious of a definite change of tone. The most striking of these comes at the end, in Lear's death scene. In the Folio version Lear's agony is prolonged, and he is

allowed an extra moment of wondering whether, after all, his daughter Cordelia may not still live: "Do you see this? Look on her. Look her lips. Look there, look there." These lines do not appear in the earlier version.

Not everyone in the world of Shakespeare studies is convinced of the validity of the two-text theory. The Complete Works will arouse as much storm as the authentication of the Song, "Shall I Die?" which Taylor discovered recently in the Bodleian Library and believes is the work of Shakespeare.

If the canon has been considerably widened to include all manner of items hitherto thought of as apocryphal, it has still not been widened enough for some. One of these is Eric Sams, a former civil servant who, since retirement, has plunged into the shark-infested waters of Shakespeare scholarship with a commendable lack of concern for his own safety. Mr Sams recently published a new edition of an anonymous play, Edmund Ironside (about a struggle for the throne of England in Anglo-Saxon times), which exists in manuscript. Mr Sams is certain it is by Shakespeare; written in 1588, two years before Titus Andronicus, with which it has many parallels of language and style. If this

were proved to be Shakespeare's 'prentice work it would be a sensational discovery; the only play of Shakespeare's to exist in manuscript. One American handwriting expert is convinced this play is the same hand that penned the famous will in which Shakespeare left his second best bed to his wife.

But Taylor is no less vehemently of the opinion that the play is not by Shakespeare as he is that both King Lear texts are by Shakespeare. The ordinary playgoer, not overly concerned about the authenticity of a text — Ironside is, by the way, a terrible play — so long as it is well acted and entertaining, may regard these skirmishes among scholars with a smile. The skirmishes are likely to continue for some time. The field is wide open. Revisionism is in fashion — in Oxford at least. If it serves to rob Shakespeare of quasi-divine status and turn him back into a human being, one who combined the different theatrical functions of author, actor, director, literary manager and administrator, they are surely to be welcomed.

No sure of Shakespeare's will ever be the final one. This new Oxford text is likely to make us think again about the plays more searchingly than any of its predecessors.

## Unwelcome echoes from the Barber era

**THIS IS** something of an odd column. The Long View tends, on the whole, to take a contrarian line; this time it reflects a growing consensus among the more thoughtful City analysts. Moreover, I usually hope the judgment offered here to be right — this time, it would be delightful to be proved wrong. All the same, facts are facts, and they are beginning to look sinister.

One could put the thing as a series of trick questions, but nobody old enough to remember the Heath era would be tricked for a moment. Which Chancellor achieved an unannounced devaluation by keeping clear of a European exchange rate pact? Mr Lawson — and, of course, Mr Anthony Barber. Which Governor of the Bank of England explained away the growth of broad money as the result of financial innovation? Mr Robin Leigh-Pemberton, this week — and in his day, Lord O'Brien.

Of course there are differences. Mr Heath had an incomes policy (and a highly inflationary policy it was — a fact which might be remembered by those who today preach incomes policy as a cure-all). The Thatcher government is at present satisfied to preach sermons on wages. Mr Barber reinforced the credit explosion with a strong fiscal stimulus: Mr Lawson could still prove, in March, how different he is. No realist would bank on Mr Lawson's Puritan instincts, though. The motivation is much the same as it was in the early 1970s — high unemployment, reinforced this time by a rapidly shortening electoral horizon. Mr Lawson talks of tax cuts; the Government pushes on with privatisation to finance them. This makes the policy look different; public sector borrowing appears more or less under control. But this optical illusion does not fool the markets.

**The economic policies of Mrs Thatcher are looking more and more like those pursued by her arch-critic, Mr Edward Heath. He may have meant well, but there are no excuses this time, Anthony Harris argues**



The economic and financial background only strengthens the sense of déjà vu. In 1973-78 we had a runaway house price boom while the current account slid into deficit as if on a toboggan. Not much difference there. The stock market boomed and then partially fell back, but the gilt market signalled inflation worries: equities peaked in 1972, but by 1973 the yield on

20-year Government bonds stood almost precisely where it stands today. A recent Greenwall's survey showed the fund managers saying that they are allowing for future medium-term inflation of 5 1/2 per cent. But the gap between the yield on gilts and the yield on indexed stock is now about 7 per cent. It seems that the Chancellor and the Govern-

nor don't cut much ice when they simply talk about fighting inflation.

That is perhaps why the official figures show a new flood of institutional money into overseas markets; the exchange rate is the most eloquent comment on market confidence in the Government.

So much for the case for the prosecution. The facts are not as unambiguous as all that, and it is only fair to look at the other side.

First, the message from the markets is not unambiguous; it is impossible to say how far they reflect fears about the policies of the present Government, and how far they reflect fears of a change of government. There is certainly some political hedging going on.

Second, and more important, the numbers are by no means as bad as they were in the Barber era. The money, wage and inflation numbers are all well below their values then, and nobody forecasting the kind of sickening slide into deficit which we suffered in 1974 (over £3bn in the money of those days, or about £10bn in today's terms).

Also, monetary policy is a great deal more cautious than it was then. Short-term interest rates, the sharp edge of official policy, are more than 2 per cent higher than they were in 1973, while inflation is more than 2 per cent lower. This is a wild contrast; yet the appetite for borrowing has not been choked off. Meanwhile fiscal policy, as measured by the public sector financial deficit (which is not distorted by privatisation) is not notably different from Mr Barber's.

Of course the Government is fully entitled to take oil and foreign investment income into account in framing its policies, so that, in context, the stance of policy is not yet downright alarming. What is alarming,

though, is that while in the Heath era the Government was unashamedly trying to dash for growth, the present Government tries to describe its policies as cautious.

So far as this is normal political hypocrisy it can be forgiven, if with distaste. But is it hypocrisy? It Mrs Thatcher's opposition to joining the European Monetary System based on a wish to avoid political embarrassments with the exchange rate until the election is safely out of the way — or does she actually believe the nonsense she hears from some of her advisers about preserving our monetary independence? When she talks in Parliament of EMS membership actually making interest rates more volatile (which is true only in periodic adjustment crises), one's heart sinks. If she believes that, she may also believe her own claims that her Government is practising sound financial management. The City doesn't.

The economic judgment remains somewhat depressing, but so far less than alarming. Present policies look inflationary, but not on the scale of Mr Heath's experiment. On the other hand there is also a moral judgment to be made. Mr Heath still sincerely believed in dashes for growth, and indeed much of the world was doing much the same thing.

There is, no excuse at all for making the same mistakes again, even if on a smaller scale, with Mrs T in the role of the Victorian parlourmaid who explained that her baby was "only a little one." If it is a cynical election manoeuvre, it might be poetic justice if it worked; there would be a grim satisfaction in watching one Conservative Chancellor mopping up his own split milk. Mr Barber had to hand over his dishcloth, and Mr Maudling never even started.

### The Long View

### CONTENTS

Arts: Swedish opera	XXIII
Books: Famine in the Soviet Union	XXII
Diversion: Hallowe'en	XX
Finance: Mortgage interest	IV
Motoring: the Rover Sterling	X
Sport: Indoor cricket	XXIV
Arts: This Book	XXIII
Bridge	XXII
Chess	XXI
Crossword	XXIV
Diversion	XX, XXII
Finance & Family	IV, IX
Gardening	XX
How To Spend It	XXI
Motoring	X
Property	XI, XIV
Sport	XXIV
Stock Markets	II, III
London	XX
New York	XXI
Kuala Lumpur	XX
Travel	X

# WHAT BIG BANG?

Big Bang on October 27th is being heralded as the biggest revolution in the City in over two hundred years. But what will it mean to the private investor? Will it make investment for the individual easier or more difficult, cheaper or more expensive? Or will it just make the existing financial institutions even larger and more unapproachable? To find out how you will be affected, send today for a free copy of our booklet 'Big Bang and the Private Investor.'

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Old ways end, not with a bang but a whimper

"THIS IS the way the world ends, not with a bang but a whimper."

It cannot be often that the lugubrious, philosophical poetry of T. S. Eliot has much in common with the mood of the London Stock Market (despite Eliot's other career, as a banker).

But this week the market has had a distinctly whimperish feel as the old world ends and the City braces itself for the uncertainties of Big Bang, which finally arrives on Monday.

Turnover has been noticeably restricted, with dealers unwilling to open new positions ahead of Monday, and volume is expected to be light well into next week as firms run in their new trading vehicles.

But what movements there has been in gilt and equity prices over the past week has been of a generally downward direction, amid continuing concern over the trends for sterling, interest rates and UK inflation.

This week's agreement by OFPEC on output levels for the rest of the year did little to boost the UK currency, since the pact is short-term and fragile, and had anyway been widely discounted by the markets.

And on the negative side, the September trade figures announced on Thursday were somewhat worse than most City expectations, unsettling sterling and strengthening the possibility that 1986 might see the first current account deficit in seven years.

The trade figures presented a stark contrast to the bullish picture on economic prospects painted the previous week by Mr Nigel Lawson, the Chancellor. They intensified concern that the 1 per cent rise in interest rates engineered by the Government 10 days ago might not be enough to stem the City's sharp decline on this point.

And inflationary fears will not have been dampened by a statement from the Governor of the Bank of England signalling that the Government might abandon a formal target for the growth of sterling M3, the broad measure of money supply which was once at the centre of its anti-inflationary strategy. M3 has long been discredited as an accurate tool, with official policy switching to monitoring the exchange rate and M0, the narrow measure of money supply.

But the Government has no formal exchange rate target and the financial markets are suspicious of M0, so an abandonment of M3 would leave analysts even more uncertain of what to keep their eyes on.

sharp falls in gilts, with equities following on down. The FT-SE 100 Index which a week ago stood at 1610, after a brief fortnight's rally, ended last night at 1577.

The major changes in individual share prices were produced by a rash of new takeover bids—or rumours of bids—as well as some disappointing figures from Hawker Siddeley, the engineering group, and a sharp cut in forecast profits by Systems Designers, one of the country's leading computer software houses.

The problem was essentially twofold: adverse currency movements, plus a fall in oil price which sharply cut demand in the Middle East for Hawker's diesel engines, without producing a corresponding surge in orders for its products in oil-consuming nations.

The company says it is a temporary setback, and next year should see the fruits of its good order book and the £10m it has spent this year on acquisitions, mostly electrical businesses in the US. The shares stand on a prospective P/E of 9, with a yield of about 5.5, which is hardly demanding.

But the share price has underperformed the market for the past five years and, after the latest surprise, investors will be in no mood to take matters on trust.

Another David and Goliath battle was launched this week in the form of a £750m bid by Gulf Resources, a small US energy group, for Imperial Continental Gas Association, which

is best known as the distributor of Calor Gas. Although launched by an American company, the brains behind the bid are resident in the City of London and belong to twin brothers David and Frederick Barclay, who hold 34 per cent of Gulf and have management control. The Barclays are among Britain's most secretive businessmen, running a private empire based on hotels and brewing.

The bid is the latest example of what is still a relatively rare phenomenon in the UK (though common in the US)—the highly leveraged deal financed largely by borrowings.

Gulf is borrowing £670m from a consortium of UK and foreign banks, and would pay much of this back by selling off ICG's portfolio of shares in Belgian companies, notably a 7.2 per cent stake in Petrofina, the energy group.

The Barclays say they would retain and improve the performance of Calor, as well as hanging on to the group's North Sea oil interests. Nevertheless, if successful, it is not inconceivable that they would find other parties sufficiently interested in the parts to break up the entire business at a profit.

Certainly, the market thinks ICG is worth more than \$30p a share they are offering, with the shares trading well above that in the hope of a higher Gulf bid or a real offer, possibly from Petrofina, which has denied any such intention.

There was a Transatlantic cause to another of the main price movements of the week—a sharp rise in the shares of Mercury International Group, the UK financial services conglomerate formed for Big Bang around S. & Warburg, the merchant bank.

The cause was Mr Saul Steinberg, one of the most feared of American corporate raiders, who began buying shares in Mercury a year ago, much to the consternation of its management. He finally agreed to hold his stake to below 10 per cent.

But this week he said his Reliance Group was scrapping that pact, because it was dissatisfied with the Mercury management's performance and "had no choice but to do what it concludes serves the best interests of Mercury and its shareholders."

Will Mr Steinberg raise his stake, or is he bluffing, and will he eventually unload his stake at a substantial profit? Whatever the outcome, the City this week found a certain pliancy in one of the proudest, most successful of British financial institutions, being accused of poor management by an American interloper. A fitting image, perhaps, for the last few hours before Big Bang.

Martin Dickson



HIGHLIGHTS OF THE WEEK

Table with columns: FT Ordinary Index, Price y'day, Change on week, 1986 high, 1986 low. Lists various companies like Berkeley Exploration, Consolidated Gold Fields, etc.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Lists companies like Berkeley Explan, Bluebird Confect, etc.

French out of fashion

OVER THE years French Connection has enjoyed a series of excuses for lack-lustre results: from problems in the US, to a strike at South Shields and the assassination of Mrs Gandhi.

In many ways the story of French Connection reads like a morality tale for the perils of over-optimism on the USM. When the company came to the market in 1983, as the first fashion house to go public for more than a decade, it was billed as one of the USM's whizbang recruits.

A cursory glance at the prospectus spoke volumes about the volatile nature of the fashion industry. French Connection's profits had fluctuated wildly in previous years. But the company was young and tough enough to have weathered these troubles. The issue was not only over-subscribed 12 times but the share price, buoyed by a marketing set of retail, rose sharply from 125p to 385p within a year.

Yet the stock market is every bit as fickle as French Connection's trendy young customers. When the news broke in spring last year that the US acquirer, British Best of All Clothing, was likely to be modest when results are announced on Thursday. The City is expecting pre-tax profits from the core activities of about £15m against last year's £13m, although performance will be boosted by property transactions, which last year brought in £1m.

Harris has made progress in electricals, into which it expanded last year with the purchase of Rayford Supreme Holdings, but it has been held back by flat demand for furniture and carpets.

When the NATIONAL HOME LOANS CORPORATION came to the market in September last year, its prospectus carried a graph showing a healthy upward trend in the gap between the cost of wholesale funds and the mortgage rate. Unfortunately...

French out of fashion

most three years before. In the interim results came out last week French Connection could counter the news that pre-tax profits had fallen from £27.7m to £12.8m by waxing bullishly about recovery in the second half. The share price vacillated before the announcement but ended the week at 190p.

Above all the City loathes surprises, especially unpleasant ones. French Connection has provided far too many in its short life as a publicly quoted company to ever win back its laurels as a favoured stock. But the company and its brokers, Kleinwort Greaves, which forecasts profits of £3.2m for the full year — clearly believe it is on the road to recovery. What does the future hold?

French Connection's problems in the US are perhaps more easily explicable than those in Britain. Best of All Clothing, the US fashion wholesaler in which it has a 50 per cent holding, was heavily reliant on the big US chain stores. Chain store buyers impose intense pressures on prices and are

notoriously fickle in their relationships with suppliers. Best of All Clothing's problems began when the chain store buyers spurned one of its collections. The solution was to cut costs and to jettison the chain stores in favour of large department stores and independent retailers. The strategy seems to have worked. Best of All Clothing broke even in its interim period and should produce a profit of about £300,000 in the second half, returning to its previous profit levels of £1 m or so next year.

The UK French Connection's position is more problematic. In the spring the company and net interest receipts should be around £9m this half. Growth at HARRIS QUEENSWAY, the acquisitive stores group, is likely to be modest when results are announced on Thursday. The City is expecting pre-tax profits from the core activities of about £15m against last year's £13m, although performance will be boosted by property transactions, which last year brought in £1m.

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PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit, Earnings, Dividends. Lists companies like C. H. Benson, Borealis Television, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit, Interim dividends. Lists companies like Ancher Chemical, Arlington Sees, etc.

RIGHTS ISSUES

Low and Bonar—To raise £37.5m through a two for seven rights issue at 225p per share.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Blenheim Exhibitions—USM placing of 125m shares at 95p per share. BCE Holdings—USM placing of 7.2m shares at 38p per share. Aris Europe—Placing 72m new shares at 250p per share.

FINANCIAL TIMES SURVEY

The Financial Times proposes to publish a MANAGING ENERGY SURVEY

on December 2, 1986 copy date November 14

The following subjects will be covered:

- 1. Introduction. 2. Popularising Monergy 3. Ideal Homes 4. New Public Buildings. 5. Decisions for Industry 6. Materials and Methods 7. The Specialists 8. Miles per Gallon 9. Which Fuel

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Handwritten scribbles at the bottom of the page.

MARKETS

# World Series week

TONIGHT'S the big night for US baseball fans as the New York Mets face up to the Boston Red Sox in game six of the cliffhanging 83rd World Series—a fitting culmination to a week when Wall Street and some of its own players appear to have been acting out their own version of the World Series.

At the economic level, Wall Street analysts continue to be split between those who are worried that a recession is just around the corner and those who believe that the US economy is starting to pick up speed again. This week's third quarter gross national product figures, showing an economy growing at an annual rate of 2.4 per cent, held no great surprises, but the 4.9 per cent jump in US durable goods orders in September—the largest rise in nearly two years—contained a hint of real strength in the US economy.

Malcolm Baldrige, the US Commerce Secretary, said this week that he expects the US economy to grow at 4 per cent in the current quarter, but there are several analysts on Wall Street who believe this is hopelessly optimistic and that there will be almost no growth in the final quarter.

Within the financial markets, there is a continuing tug of war going on between those who think that US interest rates and the US dollar are heading lower and those who think that they are heading higher. Last week, the consensus favouring an early discount rate cut was abating but this week the mood changed again as the dollar

bounced back above the DM 2 and Yen 160 levels. Foreign investors have returned to the US markets in force.

Against this background, Wall Street has been as mercurial as the New York Mets. The market had a terrible day Tuesday and Wednesday, with nothing to write home about but on Thursday the Dow hit a brilliant "home run," jumping by 281 points, and breaking out of the 1,780 to 1,820 range in which it has been stuck for some time. Like tonight's battle at New York's Shea Stadium, which the Mets have to win if they are to stand a chance of taking the world

digit earnings gains in the latest quarter.

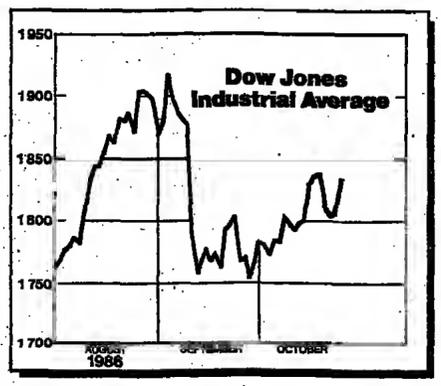
Seers Roebuck, the lumbering, retailing and financial services giant, posted a 24 per cent rise in its third quarter net income to 88 cents a share and analysts who have become a little nervous about the young management team running Citicorp, the biggest US banking group, were relieved to see a healthy rise in its third quarter earnings.

The two areas where earnings have been sharply lower are in the oil sector and automobiles. General Motors posted a \$335.5m operating loss which reflects its decision to offer cut price financing to clear away the old models from its dealers' showrooms before bringing in the 1987 models.

Chrysler Corporation reported a 23 per cent drop in its third quarter operating earnings to \$347.1m, but Lee Iacocca, the ebullient chairman, was able to put a brave face on it.

However, for once Mr Iacocca has been outshone by his old employer, Ford Motor Company, whose publicity-shy managers announced a more than doubled third-quarter profit of \$693.3m this week. Ford is winning market share and seems destined to earn more money in 1986 than GM for the first time in years. Its shares jumped by \$37 to \$594 on the results and its superior rating on Wall Street is reflected in a yield of 4.4 per cent compared with GM's 7.1 per cent.

There was plenty of bad news in the oil sector this week. Baker International and Hughes Tool, two former blue



# Rubber bounces back

THE Kuala Lumpur Stock Exchange is witnessing an external-led surge, which has caught local investors flat-footed and left them wondering whether the climb in values can be sustained.

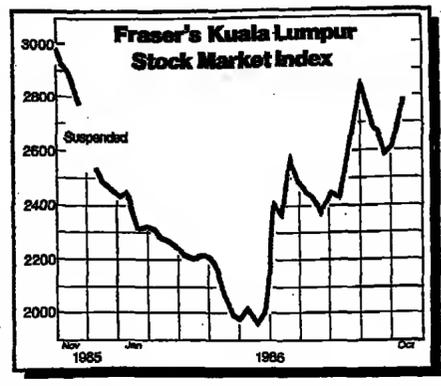
The KLSE Composite Index of 83 of the 286 stocks, has risen by about 50 per cent, to 255 points from a low of 170 points in May, which was then a 44-month low.

Conditions were particularly buoyant during the past month. The index added 25 points in the first three weeks of October, accompanied by high turnover.

"This time, the local big boys responsible for the 1981 and 1984 market booms, are down and out, being caught in their own speculative greed in the collapse of the stock and property market last year," said a fund manager.

Stock analysts offer four reasons for the foreign-induced surge:

- Stock markets in the main cities — New York, London, Tokyo and Hong Kong — are beginning to peak, and the Singapore and Malaysian markets look attractive by comparison.
- The Singapore economy, after



## Wall Street

series, few on Wall Street are prepared to call the market's next move.

For the moment Wall Street investors are making their money by concentrating their attention on the various takeover battles and monitoring the heavy batch of third quarter results which have hit the tape this week.

Among the industrial heavyweights reporting this week Du Pont increased its third quarter net by 25 per cent to \$1.42 per share, Goodyear was up 18 per cent at \$1.68 per share, and Allied-Signal was 9.9 per cent ahead at 91 cents a share.

Several of America's better managed blue-chip companies such as Amheiser-Busch, McDonald's and Johnson & Johnson, all announced double

chips of the oil services industry, announced that they were merging in a bid to cut capacity in the troubled industry. Both companies have racked up heavy losses this year and have slashed their dividends. The new company, Baker Hughes, will rank close behind Schlumberger and Halliburton. Hughes Tool's shares rose 1 to \$84 and Baker International shares rose 1 to \$104 after the announcement.

Shell Oil says that its domestic crude oil prices averaged \$10.59 a barrel in the latest quarter compared with \$24.33 a barrel last year which explains why almost all of the US oil majors were reporting sharply lower profits this week. The big exception was Exxon which yesterday posted a 10 per cent rise in earnings per share to \$1.46 mainly because the latest quarter did not contain last year's restructuring charges.

On the takeover front, it has been relatively quiet week for USX Corporation, the steel and energy giant which is being stalked by Mr Carl Icahn. The company's self-imposed October 22nd deadline to announce its restructuring plans passed without any news and by yesterday morning USX shares had slipped to \$26.

However, Wall Street is expecting the battle to warm up again shortly and in the meantime analysts are devoting considerable energy trying to spot the next big takeover targets. Shares to watch over the next few weeks are Good-year, Merrill Lynch and E. F. Hutton.

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MONDAY	1811.02	-26.02
TUESDAY	1805.68	-5.34
WEDNESDAY	1808.35	+0.27
THURSDAY	1834.93	+26.58
FRIDAY	1832.26	-2.67

William Hall

# Tin climbs out of the doldrums

THIS WEEK the European free market tin price climbed back above \$4,000 a tonne for the first time in seven months, providing another illustration of the fact that falls in commodity prices, just like rises, are usually overdone. Other recent examples of substantial recoveries from exceptionally low levels have been seen in the lead, cotton and coffee markets.

Yesterday was the first anniversary of the fateful day when the International Tin Council's buffer stock manager announced that he had run out of money for his price support operations, triggering the price collapse which is still casting its shadow over other metals and soft commodity markets.

At the time the tin price stood at about \$3,500 a tonne, which everyone in the market recognised was a false level, given the heavy oversupply in

the world market. With the buffer stock out of the game the price fell, over the next seven months, to \$3,485 a tonne, a level at which nearly all the world's tin producers were losing money.

Cuts in production and improved demand from consumers have caused a profound change in the situation, however, and output is estimated to be running at about 30,000 tonnes a year below consumption. This has been reflected in a gradual price rise from the May low which has accelerated in recent weeks as the tin council's creditor banks have become less anxious to sell the tin warrants they were landed with after last October's default.

Lead's story has been similar,

but less dramatic. Lacking an inter-governmental price support organisation like the tin council, oversupply of the metal acted directly on the market price — pushing it to a

The other two recovery examples, cotton and coffee, while broadly similar to the tin and lead stories, have one important difference. As agricultural products the weather serves as a sort of "wild card" in their supply/demand patterns so that the matching of production plans to consumption projections is much less of an exact science.

Good weather in recent seasons had caused sharp rises in cotton production, particularly in China. With world stocks approaching 50 per cent of annual consumption prices came under severe pressure. Two months ago cotton futures

prices on the New York market were languishing at a 12-year low of about 33 cents a lb, only slightly more than half the break-even level for the bulk of the world's producers. Early this month the price was back to the 50 cents plus level at which it started the year.

Deliberate output cuts may have played a part in that rally but a turn for the worse in the weather in US growing areas has been a much more important factor. Perhaps equally important has been a change in the attitude of the market itself, where the 32 cents low is now seen as something of an aberration. Traders are much less alarmed by the heavy stocks overhanging the market, arguing that about half the surplus is in China, which lacks the

facilities to ship more than a fraction of its holdings in any one marketing year.

For coffee this has been a year of agony and ecstasy. Following last year's four month Brazilian drought the London futures market began the year at an eight-year peak of over \$3,000 a tonne, and many traders looked forward to further substantial gains. It was not to be. The market came overreacted to the Brazilian news and prices subsided. When it bottomed at \$1,631.50 a tonne in July, however, another change in sentiment occurred as traders realised that the fall had been overdone as well.

For the past couple of months coffee futures have been trading between \$2,200 and \$2,500 a tonne, so perhaps the market has got it right at last.

Richard Mooney

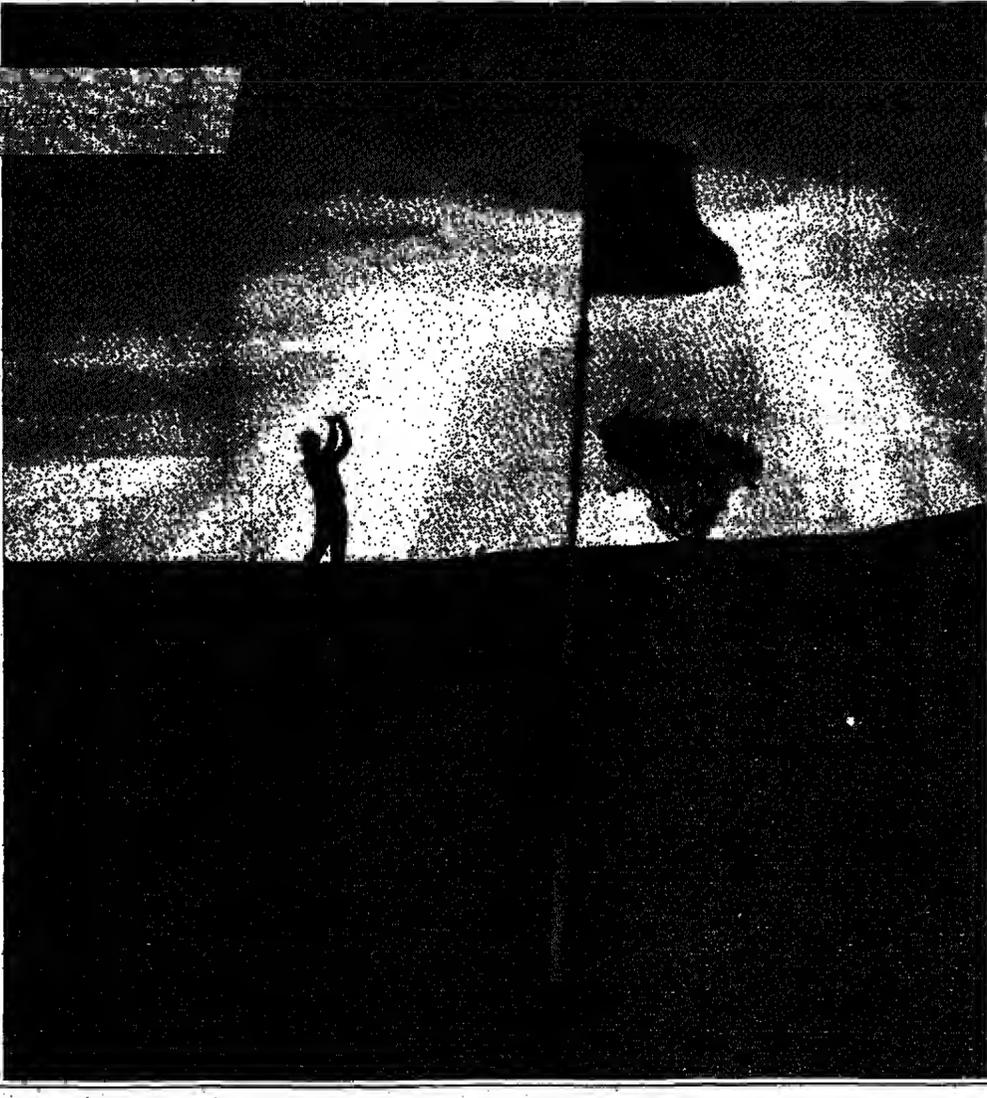
## Commodities

10-year low of \$233.50 a tonne in April.

The price has rallied by £80 a tonne from that level, partly because of a change in the statistical position (supply and demand are now broadly in balance, if not slightly in deficit) and partly because — some analysts claim — the April low was never really jus-

After some exceptionally fine opening shots, I was on course for a respectable score. Until, quite unaccountably, I developed a gruesome slice.

This sent me embarrassingly off course on numerous occasions, including once into the sea, and several times onto the opposite fairway.



However, while my game collapsed around me, I was able to bring into play the calming influence of Hambros Smaller Companies Trust, which has a quality my golf certainly lacks — consistency.

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FINANCE & THE FAMILY

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at			Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
		29%	45%	60%				
<b>CLEARING BANK*</b>								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.50	7.71	5.97	4.43	quarterly	1	2,500-25,000	90
<b>BUILDING SOCIETY†</b>								
Ordinary share	5.75	5.83	4.52	3.28	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.65	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
<b>NATIONAL SAVINGS</b>								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
31st issue†	7.85	7.85	7.85	7.85	not applicable	3	25-10,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
<b>MONEY MARKET ACCOUNTS</b>								
Money Market Trust	7.63	7.78	6.03	4.38	half yearly	1	2,500 minimum	0
Schwabert Waggs	7.10	7.34	5.68	4.13	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.62	4.81	monthly	1	1,000 minimum	0
<b>BRITISH GOVERNMENT STOCKS‡</b>								
7.75pc Treasury 1985-88	10.77	8.47	7.21	6.02	half yearly	4	—	0
10pc Treasury 1990	11.15	8.19	6.55	5.01	half yearly	4	—	0
10.25pc Exchequer 1995	11.08	8.01	6.33	4.75	half yearly	4	—	0
3pc Treasury 1987	8.38	7.49	6.99	6.53	half yearly	4	—	0
3pc Treasury 1989	8.56	7.61	7.09	6.60	half yearly	4	—	0
Index-linked 1990†	8.18	7.52	7.16	6.82	half yearly	2/4	—	0

\* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

# Pound takes a short breather

FOR ONCE the pound had a relatively quiet week. The US dollar's rebound against other major currencies switched attention from sterling and the deal among the Organisation of Petroleum Exporting Countries in Geneva prevented at least a renewed collapse in oil prices.

But if the City's financial experts are to be believed the Government has little cause for celebration. The message yesterday was that British interest rates are certainly not coming down in the foreseeable future and that sooner or later they may have to rise again.

The factors which have given sterling such a shaky ride recently and which forced the Government to push up bank base rates to 11 per cent earlier in the month have not changed.

Last week's September trade figures, though better than the appalling statistics for the previous month, confirmed fears that Britain's buoyant consumer spending is sucking in huge amounts of imports.

The Bank of England's decision to drop a formal target for

sterling M3, the broad money supply measure, raised new suspicions over the authorities' attitude to inflation. The Prime Minister's refusal to agree to the full British membership of the European Monetary System eliminated remaining hopes that the Government would formally tie sterling's value to the D-Mark.

The reaction of some of the City's economic gurus so disparaged by Mr Nigel Lawson, the Chancellor, was scathing.

"We now have a completely rootless monetary policy... the Government has few options but to raise rates again to suppress inflation," Mr George Magnus, chief economist at Chase Manhattan Securities, commented.

At Phillips & Drew, Mr Stephen Lewis believes that a range of factors will continue to keep upward pressure on interest rates over coming months. Strong consumer spending will keep alive fears over the trade position, while the British Gas flotation and the onset of the corporate tax-paying season will tighten conditions

in London's wholesale money markets.

"I would be surprised if they manage to get through without at least another one point increase in rates," Mr Lewis said.

Ironically enough it was an analysis published by the Treasury earlier in the week which highlighted the fears of independent economists on the outlook for trade and inflation. The Treasury's new summary of the independent consensus on the economic outlook shows an average forecast of a £3.8bn deficit on the current account of the balance of payments next year. That compares with the £3bn surplus that Britain has got used to in recent years.

There is also pessimism on the inflation outlook, fostered by the still-rapid pace of pay rises in Britain and the widely-held perception in financial markets that the Government will relax policy to ensure a pre-election economic boom.

The average forecast is for inflation of 4.5 per cent this time next year and still rising—and that assumes that ster-

ling actually appreciates slightly from current levels.

The difficult question is whether and when Mr Lawson will accede to higher interest rates if, as economists predict, pressure on sterling and interest rates in the financial markets begins to build up again.

After insisting earlier this month that a one-point rise was enough to keep downward pressure on inflation the Chancellor would find it politically damaging to do an immediate about-turn.

The Treasury's anxiety to ensure a successful British Gas flotation next month also argues in favour of letting sterling take the strain if the markets become unsettled again.

A rise in base rates to 12 per cent would hardly be an auspicious backdrop to the biggest privatisation issue.

And, of course, another rise in bank base rates would almost inevitably trigger a further increase in mortgage rates, which would quickly feed through to faster retail price inflation.

Philip Stephens

# Rising tension

THE RISE in interest rates, and continued uncertainty about future trends, has thrown the home loans market back into confusion. As promised last week, the Halifax Building Society came off the fence and decided to lift its mortgage rate by a hefty 1.25 per cent to 12.25 per cent.

Initially, it was felt the Halifax had taken rather a bold step and might be left exposed with too high a rate. But Abbey National then decided to put its home loan rate up by 1.75 per cent to 12.375 per cent and later in the week the Midland Bank went even higher, announcing a 1.5 per cent rise to 12.50 per cent.

Citibank also added 1.5 per cent, pushing its rate up to 12.45, but to add further confusion Lloyds Bank yesterday put its rate up to 12.3 per cent for both new and existing borrowers, while National Westminster went to 12.25. Barclays was still reviewing the situation on Friday.

Yesterday Nationwide followed the Halifax and Woolwich to 12.25 per cent. However, Leeds Permanent decided to move to 12.25 per cent, and National & Provincial said that while it was moving to 12.25 per cent it will offer 12 per cent to first time borrowers.

The flood gates have been opened and it seems likely that all the other building societies will follow suit. The new rates, however, may vary



IN A pre-emptive strike in the battle for Personal Equity Plan business, Save & Prosper are offering investors the chance to open a special bank account paying (until December 31) an interest rate equivalent to 11 per cent net or 15.5 per cent gross—way above normal interest rates even after the recent rise. What is more, the special high rate of 11 per cent will be adjusted upwards if base rates increase again, but will not be reduced should rates fall before the end of the year.

As always there is a catch: you only earn the higher rate of interest if you decide to take up a Save & Prosper PEP plan in January when the Government sponsored scheme starts. If you decide you do not want a PEP plan or would prefer to go elsewhere, the interest rate paid will be reduced to the

normal level (currently a competitive 7.5 per cent) paid on the Robert Fleming high interest bank account.

For the special high interest account, used to promote the scheme, the minimum deposit required is only £250. But there is also a maximum of £2,400—the annual limit for PEP contributions. However if you leave your money in after January 1 you will have to maintain a minimum of £1,000 to earn even the normal high interest rate.

Details of the Save and Prosper PEP plan have yet to be finalised, but the group say that it will be highly competitive.

WHEN AN investment management group changes ownership, the investors concerned usually only discover this fact after the event. The only choice facing them is to accept the change and hope that it will not result in a deteriorating investment performance. Or they can vote with their feet and switch trusts, possibly involving themselves in a tax liability on the way.

However, Touche Remnant has adopted a refreshingly different attitude when it was approached by Metropolitan Life Insurance Company, the world's

third largest life company, with assets in excess of \$100bn.

Touche Remnant's chairman, Lord Remnant, has made it clear that the company is only willing to be taken over if provided it can retain both its name and its operational independence—and provided, of course, that the price is right. He made it clear this week that Touche Remnant prizes its independence above all else.

Metropolitan Life has a domestic US fund management group, Stato Street Research & Lord Remnant sees tremendous potential in co-operation between his company and Stato Street. But he claims that under no circumstances will Stato Street or anyone else manage Touche Remnant's US portfolio or any other of its assets under management.

Touche Remnant is able to take this stance because of its unusual share structure which makes a takeover bid virtually impossible without the agreement of the board. Even so it is refreshing to see this approach which for once is not ignoring the considerations of investors, who in theory have invested in funds managed by Touche Remnant because they liked the current investment management.

# Freedom to expand

KEEPING AHEAD of the game is important for any investment company, particularly with the far-reaching changes that are likely to take place in financial markets after the Stock Exchange's Big Bang on October 27, the introduction of the Personal Equity Plan in January and the implementation of the Financial Services Bill next year.

Independent investment houses are likely to be most vulnerable to the changes, although they have a more crucial role to play in offering impartial advice. So they have the choice either to be swallowed up by a big group or take defensive measures to retain their own independence.

Richard Longstaff, which has established a record as one of the most effective independent investment groups in the 12 years of its existence, has chosen the latter route in agreeing this week to be taken over by the York and Equity Trust, a company quoted on the Unlisted Securities Market.

The offer of around £3m in cash or shares seemed cheap. But only half the Richard Longstaff business is being sold: the Financial Services Division which includes the fast-growing investment management sector, pensions and trustees, and the life and pensions business. The Lloyd's insurance business, its original core, is not included.

Mark Searle, managing director of the Richard Longstaff investment management division, is in no doubt about the deal. He says it is essential to have greater cash resources if the group is to continue the expansion which has brought some £60m funds under investment management and 2,500 clients.

The immediate need is to develop more sophisticated management and communications systems. In the longer term the group also hopes to increase the services available for expatriate and non-resident investors outside the UK, but again this would take significant resources.

With the Lloyd's Insurance,

side of the business also seeking more capital, and the private shareholding structure of the company precluding a rights issue, he says it makes sense to join up with a cash-rich independent group anxious to build up into a national financial services group with a USM listing like York & Equity Trust. An added incentive is that some of the 100 or so private shareholders, who have done very well out of their investment in Richard Longstaff, are probably keen to take their handsome profits rather than have to put up

more capital.

Mr Searle says the new ownership will enable the group to retain its independence, while basically just a change of holding company, while providing extra resources for its ambition to "remain a player" in the changed financial world. He forecasts it will gain from the "stampede from direct investment to managed funds" that is likely to accelerate under the changed conditions.

John Edwards

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\*Source: Money Management, Stat Pack, November 1986.



according to how badly the profit margins of individual societies have been squeezed in recent months, and how much of the base withdrawals by hopeful applicants for TSB shares comes back to societies or is kept in reserve for the forthcoming British Gas and British Airways flotations.

Again the Halifax seems to have set the trend by increasing its interest rates by only 0.75 per cent, compared with the 1.25 per cent rise in mortgage rates.

There is likely to be equal confusion in the interest rate rises announced by building societies and banks until the uncertainty about whether or not another rise in the base rate is needed to defend the pound. While the basic cost of borrowing has quickly been increased to reflect the full 1 per cent rise in the base rate to 11 per cent last week, the banks, like the building societies, are not increasing interest paid on their various accounts by the same amount.

They are taking the opportunity to improve their profit margins too. National Westminster, for example, has increased interest rates on most "premium schemes" by 0.75 per cent. The special reserve, high interest/instant access accounts now pay 7.825 per cent net (after deduction of Composite Rate Tax) on balances of between £2,000 to £9,999 and 7.75 per cent on balances over £10,000.

The biggest losers, in the short term at least, are home buyers who were prepared into taking out endowment, as opposed to straight capital repayment, mortgages.

The Halifax admitted that its home loan increase would cost borrowers £900 per £100,000 for a straight repayment mortgage but 0.74p extra for endowment mortgages. This is because in the case of endowment mortgages the capital lump sum remains the same, so the interest rate rise is fully reflected. With repayment loans, the reduction in the capital sum helps to reduce the impact of the rise in interest. The crossover point is about 11 per cent; if rates go above that level endowment mortgages become more expensive, while below 11 per cent they are cheaper.

So far this year the heavy promotion of endowment mortgages by building societies anxious to extract the commission made from the linked insurance or pension policies, has swung the balance in favour of endowment loans to 60 per cent of total mortgages against 40 per cent for capital repayment.

An added cruel blow to existing holders of Midland endowment mortgages is that they will pay the higher rate immediately, while holders of straight repayment loans do not suffer the increase until the "next annual review"—the anniversary of when you started the loan. They might avoid paying any rise, if interest and mortgage rates

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ever to be held in Britain. Like last year, Money 86, as the exhibition is called, will have a series of free workshops and seminars on a variety of subjects.



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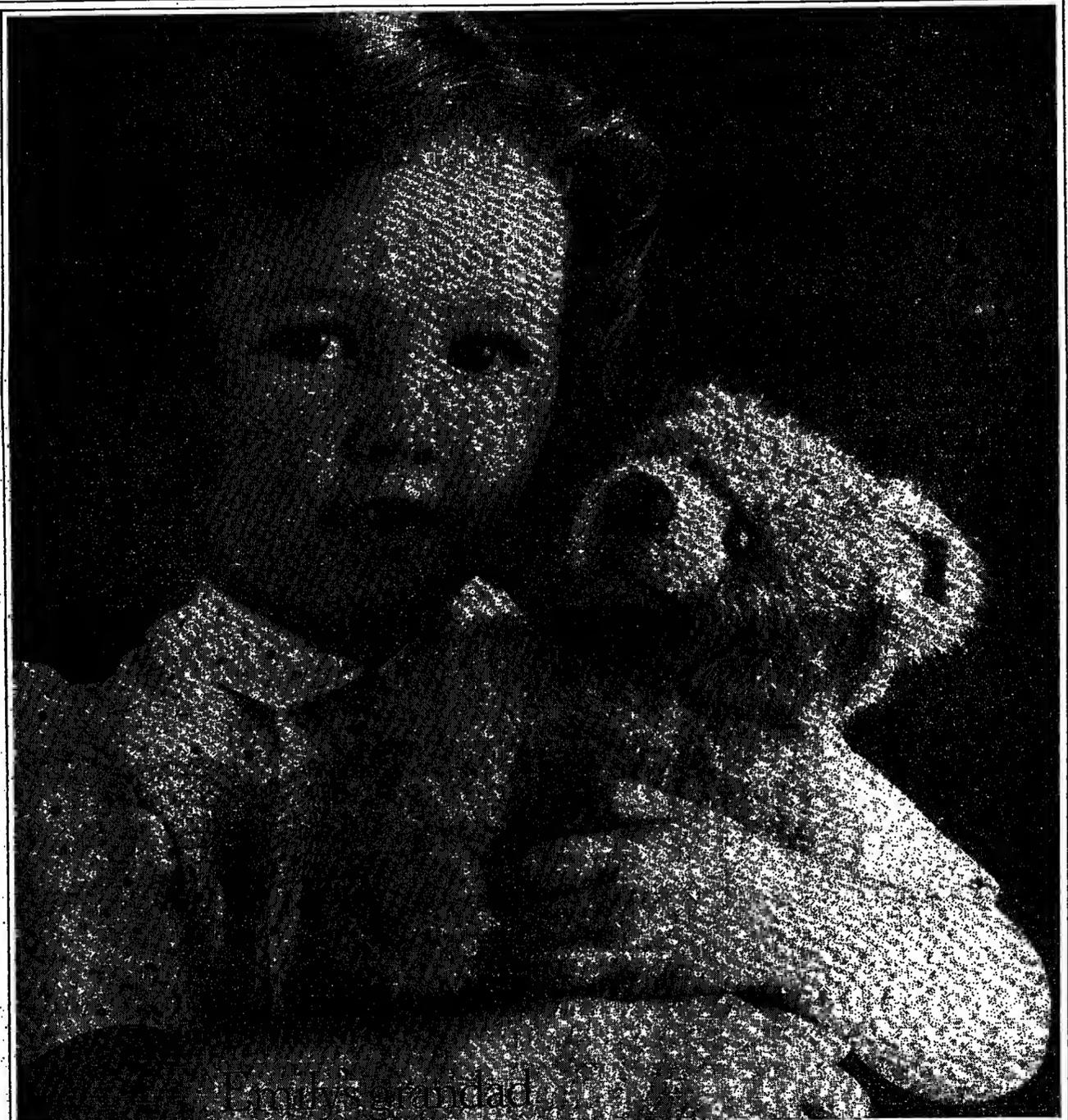
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## Legal Notices

No. 007078 of 1986  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
IN THE MATTER OF  
THE STERLING PUBLISHING GROUP  
PLC  
AND IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 23rd September 1986 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company of £258,535.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Mervyn Davies at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 3rd day of November 1986.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned solicitors on payment of the regulated charge for the same.

Dated this 22nd day of October 1986.

CLIFFORD-TURNER,  
19 New Bridge Street,  
London EC4P 3BQ.  
Tel: 01-253 0011.  
Ref: RON/RWC/FJC.

Solicitors for the above-named Company.

No. 007359 of 1986  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
IN THE MATTER OF  
ROWNTREE MACINTOSH plc  
AND IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 8th October 1986 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company by £224,101,362.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Mervyn Davies at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 3rd day of November 1986.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned solicitors on payment of the regulated charge for the same.

Dated the 22nd day of October 1986.

SLAUGHTER AND MAY,  
15, Beaufort Street,  
London EC2V 5DB.  
Ref: JFR/LIT/RLH.

Solicitors for the said Company.

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## John Edwards presents his beginner's guide to Big Bang

# Revolution time in the City

WHAT IS Big Bang? On Monday the London Stock Exchange faces the start of a big revolution in the way it operates. But outside the City there is still considerable concern about the implications of Big Bang, in spite of the many articles written about the subject.

To provide a simple guide to what is going on, John Edwards answers a list of hypothetical questions:

What does Big Bang mean?

No one is quite sure who coined the phrase Big Bang to describe what is happening on October 27. But it caught on and became generally accepted since it seemed an apt metaphor. Big Bang was originally

invented by astronomers to illustrate a theory about the start of the universe.

A big explosion that created the universe out of concentrated matter. The financial Big Bang started off as

basically a change in the system of trading on the London Stock Exchange and has subsequently

exploded into a large-scale restructuring of the City. The impact has been compounded

by the coincidental introduction of the Financial Services Bill to improve investor protection in the City and elsewhere, and the

Building Societies Act giving fresh powers to building societies.

What is the main purpose of Big Bang?

There were several motives behind the proposed changes on the Stock Exchange. The original purpose was to

bring the Government to the system whereby competition on the exchange was restricted by

fixed minimum commissions on share dealings (that may have contravened the Restrictive

Trading Practices Act).

The Government also argued that to retain a role in the growing international trading of

stocks and shares, the London market had to open up its membership to the increasingly

powerful international financial institutions. To do so it was necessary to scrap the outdated

arrangement of a handful of jobbers handling the actual market dealing and brokers acting as agents on behalf of

investors.

So, from October 27 commissions will be negotiable; jobbers will disappear and be replaced by "market makers,"

including brokers who will be permitted to deal in actual shares as principals and

membership of the exchange has been widened to include a large number of foreign owned companies.

How is the man in the street affected?

Outwardly the ability to buy and sell shares remains the same, although there will be a lot more "players" in the

exchange membership. The end of minimum commissions will also bring a change in charges, either up or down depending

on the size of the portfolio involved. The new system of service provided. Obviously the

big institutions trading the biggest volume will be in the most powerful position to negotiate

cheaper commissions. Will the private investor have to pay higher charges?

Not necessarily. In the scramble for business it is recognised that the small, private investor provides the

biggest potential market for expansion, especially with the Government's "through private investment" scheme. The

Financial Services Bill encourages wider share ownership. So all kinds of specious deals are being devised to try to keep

costs down. The clearing banks, for example, have put

pressure on their nominated brokers to reduce the usual commissions for small investors. At the same time

many stockbrokers plan to base their charges on the type of service provided.

If you are prepared to make all the decisions to buy and sell, without the usual assistance from the broker, you can use the telephone dealing services

with these you merely instruct the broker to buy or sell. That will cost you less than the previous

minimum commission charge. Next, the likely scale of charges is to make your own decisions, but ask your broker for

current market information on price trends. Finally, a full-blown brokerage service, including

research and share tips, will probably be available for less. Will I have to change my

stockbroker?

It depends on what kind of service you want and the direction your present stockbroker is moving. Most stockbrokers are

keen to expand their private client business because of the potential for making profits, since institutional and corporate

business will be extremely competitive with very low margins.

As a result of the upheaval in the City and entry into the market of many new companies, there has been a regrouping of

many well-known London and provincial stockbroking firms who may take a different attitude to their existing clients

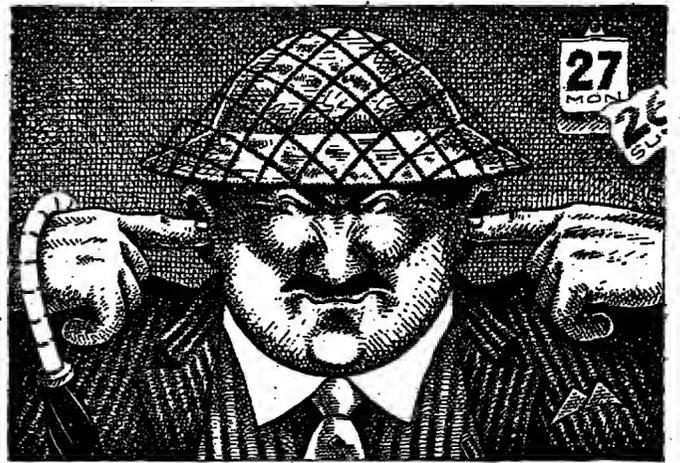
than in the past. Would I do better to use a regional or London broker?

Again it depends on the type of service you want and are prepared to pay for. Many of the regional stockbrokers have

been linked together, either between themselves or with large London based brokers, to provide a more comprehensive

service at a local level. Obviously they are not as close to the City and to international

market developments as the London companies are.



John Edwards

Where else can I go to deal in shares under the new set-up?

Multi-national companies, banks, building societies and even department stores are all getting involved. So you will have a much wider choice if you no longer feel comfortable with your present stockbroker or want a different type of service.

Will the method of buying and selling shares change?

The trading floor on the London Stock Exchange will remain, but with several new faces. However, the main medium of dealing will be via the screens of the Stock Exchange Automated Quotations System (known as SEAO).

Only the 84 recognised Stock Exchange market makers (not all of whom will be represented on the "floor") will be able to input their quotations into the SEAO screens.

Shares will be divided into several categories, based primarily on the volume of trading. The most actively traded stocks (initially 62 companies) are named Alpha, for which

continuous two-way prices drawn from all the market making companies will be displayed on the screen, together with constantly updated details of all trades.

Beta stocks will represent the next 500 most actively traded shares, which will be displayed on the screens with periodic updating of trading information. Gamma stocks are normally

inactively traded shares where the continuous quotation on the screens will be a price indication rather than a firm quote. Delta stocks are the

least active group, where only an approximate middle price will be given. Shares will be moved into different categories, depending on the volume of trading interest.

What about other shares?

The current USM (Unlisted Securities Market) stocks will also be included in the categories alongside the shares meeting the full listing requirements, since the categorisation will depend on the volume

traded not on the size of the company. Stock Exchange plans to introduce a third market for

smaller companies, currently traded on an unofficial over-the-counter basis, have been postponed from October 27 to early next year.

Will the small investor still be at a disadvantage to the big operators?

The SEAO system will provide much more common price

disclosure available to all and should, therefore, help provide more equal opportunities. Nevertheless, it can be expected that big institutions will continue to receive a much better service and first knowledge of market developments from

brokers hungry for their business. It is far from certain yet whether the so-called Chinese walls will operate effectively.

What are these Chinese Walls we keep hearing about?

Under the new arrangements many of the new groups that have emerged incorporate several different sectors of business that might have conflicts of interest. For example, brokers who trade on behalf of clients and make markets while at the same time handling

corporate business. To try to separate these conflicts of interest, groups have erected artificial

divisions, sometimes by putting different subsidiary companies into different buildings or

floors. These barriers to the flow of sensitive information are known as Chinese walls. Will the market be more or

less open to fiddlers?

Big Bang itself is not part of the improvement in investor protection planned by the Government. That is the job of the Financial Services Bill, currently struggling through its last stages through

Parliament before becoming law and being implemented next year.

It is proposed that the Stock Exchange, now merging with ISRO (International Securities Regulatory Organisation) will become one of the four self-regulatory organisations that will come under the umbrella of the proposed Securities and Investments Board (SIB) which will

mastermind on behalf of the Government's Ministry the Department of Trade and Industry the comprehensive

investor protection. In anticipation of the requirements of the SIB, and to cope with the new method of trading, the Stock Exchange has already amended its rules and regulations considerably.

Further amendments may have to be made next year to come more into line with the SIB. Debate still rages, for example, on whether the existing Stock Exchange compensation scheme will have to be absorbed into a bigger fund covering all the self-regulatory bodies. However, investors should benefit immediately from the introduction of trading

via the SEAO screens, which will give a clear indication of business done and put pressure on brokers to implement the "best execution" rule, whereby all clients have to be offered the best going price available.

## Bankers' bonus

NATIONAL Westminster Bank confirmed this week that it is cutting its share dealing charges to most customers with effect from Monday — the day of the Big Bang.

It is scrapping completely the £5 per transaction handling charge and £3 per item safe custody charge for lodging share or stock certificates. At the same time, the minimum commission has been cut to 1.5 per cent on dealings in equities up to £5,000, declining in stages to 0.2 per cent for dealings above £50,000. There will be a minimum charge of £15, except for sales below £75 where 20 per cent of the value will be charged.

Charges for trading in Government securities (gilts) and stocks for cash settlement range from 0.75 per cent for deals worth up to £5,000 (with a minimum fee of £15) to 0.08 per cent for transactions of over £2m.

Barclays Bank have delayed taking any decision about its new share dealing charges until next week, when the effect of Big Bang and competitive activity will become clearer.

Lloyds Bank Stockbrokers, a new wholly-owned subsidiary of Lloyds Merchant Bank, will begin trading as a member of the Stock Exchange on Monday. It will concentrate initially on providing a specialist broking and advisory service to the bank's branches.

John Edwards

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The minimum subscription is £2,000, the maximum £40,000. The closing date is 15/12/86, or earlier if the Managers feel the optimum size of Fund has been reached.

The Quester Development Capital Fund 1986 is managed by Quester and is a B.E.S. Fund approved by the Inland Revenue under the terms of the Finance Act 1983.

Investment in unquoted companies carries higher risks as well as the possibility of higher rewards, and the existence of these risks is one of the reasons Tax relief is granted in connection with investment in the Fund.

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To: Quester Capital Management Limited, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BE. Telephone: 01-222 5172. Please send me a copy of the 1986 Fund Offering Memorandum.

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**THE UNIT TRUST PEOPLE**

**FINANCE & THE FAMILY**

Lucy Kellaway continues the series on British Gas

**Investors set to step on the gas**

SIR DENIS ROOKE, chairman of British Gas, jokes that the company he has led for more than a decade is a "dull old utility." Such a description is reserved for the chairman's use only—anyone else remarking on the dullness of British Gas will be pointed firmly towards the company's technological achievements and engineering successes.

Dull or not, British Gas is indisputably a utility, so its business is not difficult to understand. The company buys and sells gas, and makes its money by selling it for more than it paid for it.

A good deal happens in between, however, including about 3,300 miles of mighty pipes which deliver the gas all over the country, and a further 145,000 miles of smaller pipes bringing it to the doors of nearly 17m customers.

In describing British Gas it is difficult to avoid a string of big numbers. Whether measured by numbers of customers, miles of pipe, turnover, profits, investment, or employees, British Gas is a giant. It is the largest integrated gas company in the world. With a turnover last year of nearly £2bn and profits of about £700m it ranks among the ten biggest companies in the UK.

As well as buying, distributing and selling gas, British Gas is also involved at the very beginning of the gas game in the search for the stuff and at the very end in selling and repairing the cookers and heaters which burn it.

The company that is to be sold next month has emerged after 20 years of upheaval and improvement as a broadly based monolith. British Gas is now mature, its growth era is over and the future lies more in the direction of stability than expansion.

Indeed, prospective investors may well wish that they had been offered British Gas shares 30 years ago when the company was embarking on an ambitious engineering project out of which the modern company was born.

The project was the conversion of Britain from town gas to natural gas, begun when gas was discovered in the North Sea in the 1960s. Natural gas was something of a triumph for British Gas. Not only was it among the first companies to find North Sea gas, it made a major financial commitment to the new gas and has watched this pay off.

It undertook to replace town

gas—produced from coal across the country in hundreds of dirty, smelly plants—with natural gas, which was cleaner and more easily controllable. Conversion took 10 years and cost £1bn (much more in 1986 money) in building the new gas grid and in converting more than 35m domestic appliances to natural gas. The programme, which was completed on time and within budget, gives some indication of the company's competence.

Since conversion to natural

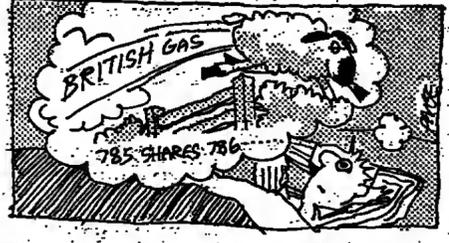
gas, demand has increased sharply and 3m new customers have been found. The increase has been largely at the expense of other fuels, and the share of gas has climbed steadily to reach about one third of total UK demand.

However, such statistics include fuels like petrol, against which gas does not compete, and the scope for gas to make further advances is seen as limited.

British Gas's biggest customer is the domestic consumer. In this market it is a monopoly supplier of gas, and faces fairly subdued competition from electricity. But with about 16m of Britain's 20m households gas consumers already, British Gas is unlikely to be able to go on adding 250,000 new customers each year.

Its second largest—and most challenging—market is industrial users, which accounts for about 30 per cent of total gas sales. Competition from other fuels can be fierce, and British Gas will do well to hold its own in a market that is in gradual long term decline.

As a supplier of gas to industry, British Gas is not a monopoly. However, although in theory there is nothing to stop other companies supplying gas directly to industrial customers (a clause in the Gas Bill posi-



tively encourages such competition there are few signs that British Gas will lose much of its industrial business to rival suppliers.

The third market sector, and the smallest, is perhaps where the "best" growth prospects lie. This contains commercial customers—shops, hospitals and schools—of which only one-third use gas. However, commercial gas is a small part of the whole so very large rises would be needed to have any great impact on the whole.

to the fall in oil prices in order to keep gas competitive, while the favourable effect of lower oil prices on gas purchase prices has yet to feed through.

Furthermore, British Gas has actually lost some industrial customers as a result of the competition from oil.

These are customers which can switch between gas and other fuels with relative ease. Many have "interruptible" contracts, which allow British Gas to cut off supplies at peak periods in exchange for a

lower average price. However, the damage done to British Gas by falling oil prices is modest compared with others in the oil sector, and may do no worse than prevent profits from rising much this year.

As the recent advertisements show, British Gas is not altogether a low technology business. Some of its recent innovations—like the "intelligent pig" which travels down pipelines inspecting them for corrosion—demonstrate great technological achievement.

While each advance helps British Gas to do its business more efficiently, these do not make it anything resembling a technology stock. There is nothing about British Gas which will generate the kind of excitement sparked by the technology and of British Telecom, which seemed to promise capital growth to complement the bread and butter telephone business.

This was not always the case. Until 1983 British Gas had a large oil exploration department, which at the government's insistence was floated off separately as Enterprise Oil. Although the fall in oil prices and the woe of share price performance of Enterprise may have made this a blessing, British Gas had nevertheless shown itself to be skilful at finding oil, and many of the

people involved are still with the company.

British Gas was allowed to keep most of its gas interests, including the Morcombe Bay field, the largest gas field in the UK, as well as a number of smaller discoveries. Free to do as it pleases, British Gas may now wish to secure itself a more prominent position in North Sea oil and gas.

The compulsory sale of Enterprise was one of several government decisions taken over the past 35 years which ran directly contrary to the Corporation's wishes.

The reduction of such conflicts is perhaps the greatest potential change that will be made by privatising British Gas. The actual running of the company is not likely to change very much—it was fairly efficient as a nationalised industry—and is likely to remain so.

The privatised British Gas will not have unlimited scope to make acquisitions. As a goodbye gesture, the government is giving it £250m of borrowings, which will cost some £250m in annual interest bills and limit any room for manoeuvre.

The burden will not be too severe. British Gas is a prodigious producer of cash—all of its investments in the past 10 years have been self-financed—and it should be able to pay the interest, plus a generous dividend to shareholders, and still have some cash over to play with.

After privatisation British Gas will not be free to set the prices it charges its domestic customers, which are fixed by a special formula, that is adjusted for inflation less 2 per cent. This means that this company will have to become 2 per cent more efficient each year.

Past performance suggests that it is equal to this task. In the past 35 years gas volumes have increased six-fold, while the pay roll has been cut by more than one-third.

However, some fears that the transformation of British Gas from a dirty, sprawling company to a neat, more efficient one is more or less complete, and further efficiency savings likely to be the main source of growth in the future will be increasingly hard to come by.

Most of the remodelling work done on British Gas bears the definite marks of Sir Denis Rooke. Investors are likely to get no more than three more years of this forceful chairman, and finding a successor of similar energy will not be easy.

**Lift-off for BA sale**

BRITISH GAS has yet to issue its prospectus but already the Government is launching its next big privatisation: the flotation of British Airways, due in the new year. This week, the first details of the issue emerged and it became clear that it will be aimed at the small investor.

In some ways this comes as a surprise. The word "British" as a prefix to a company's title does not automatically confer solidity on its profits, and BA will be coming to the market with a far less secure record and outlook than Telecom or Gas.

The trouble with airlines is that all those expensive aircraft produce a heavy debt burden, which has to be serviced before a profit can be shown. So, the pre-tax figure can fluctuate quite alarmingly in response to shifts in passenger traffic. If ever proof were needed, BA's own figures will supply it, for the airline will be coming to the market showing a sharp dip in profits for the current year because of the decline in the number of US visitors flying to London.

The Government, however, is too heavily committed to the principle of wider share ownership to leave BA to the institutions, and it is introducing a number of measures to attract small investors to the issue. As with British Gas, the minimum investment will be kept low and will be payable in instalments; there will be a one-for-10 loyalty bonus at the end of three years; employees will be given generous incentives to apply; and an advertising campaign is already under way. There will not, however, be any discounts on plane ticket prices for shareholders; international agreements forbid this.

In the absence of any previous experience with quoted airlines in Britain, just how investors will weigh up the BA issue is a bit of a puzzle. In practice, the response seems likely to be dictated by the success (or otherwise) of the preceding privatisation, so investors' perception of the prospects for gas utilities could prove more decisive than the vagaries of airline profits.

Richard Tomkins

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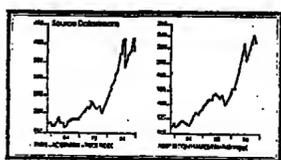
**Opportunities**

The aim of the fund is to invest capital profitably from an actively managed portfolio focusing on Special Situations, Buy-outs, Take-overs, Growth and Recovery Stocks. New issues will also feature, both on the Source and the Second Market. Part of the fund will be invested in French listed stocks and convertible bonds.

In all these areas, Duménil has an undoubted claim to expertise.

**Duménil**

Patrol investment managers for the fund are Duménil Labé SA, overseen by Nat West Bank's County Securities Division as "the ruling star of the French financial market". Duménil Labé is the



French financial market. Duménil Labé is the leading French securities house specializing in bond portfolios in equities. In France the Group manages 7 mutual funds and 5 unit trusts and a total of private and public funds exceeding \$1 billion.

The nucleus of the fund's investment demand on the ground intelligence through the management of Duménil Labé, investors in the Duménil French Growth Fund will be certain of that.

**Invest now**

To invest, return the coupon with your cheque (minimum £1,000) without delay.

Remember that the price of units and the income from them may go down as well as up. You should regard your investment as long term.

**RISK INFORMATION**

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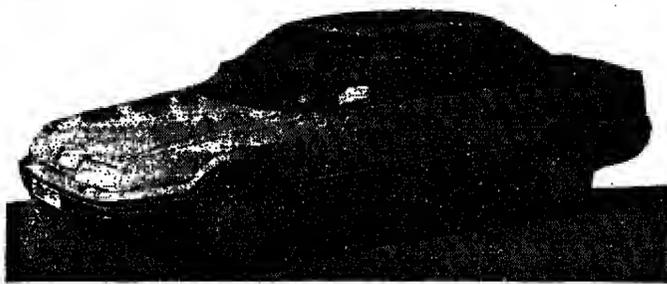
**BANK OF SCOTLAND**  
A FRIEND FOR LIFE



Stuart Marshall compares two new saloons and backs the British

Sterling stuff from Rover

IT TAKES at least 1,000 miles to get to know a car in all its moods.



The Rover Sterling. Never mind the Japanese connection — it feels and goes like a traditional British luxury car

For example, a seat that feels fine for an hour may prove to be quite uncomfortable after a day-long drive.

So the first thing I must say about the Rover Sterling I drove to Paris earlier this month was that I liked it, even better than the manual Rover 800 and 825 models I sampled briefly in Switzerland last summer.

At £18,795, it is the flagship of the Rover fleet and is more than £3,000 dearer than the base model, the 4-cylinder 820E, at £15,750.

The front seats are very comfortable. They suited my wife and I equally well, though I am much taller than her, and the rake adjustable wheel allowed us to choose an ideal driving position.

In the back, I found head and legroom adequate. The boot takes plenty of ingenuity but owners should be careful how they squeeze in the final bag.

On the motorway, the Sterling strode along silkily at 85 mph, with very little mechanical, tyre or wind noise.

Important to buyers of cars like the Sterling? I doubt it. Over-light steering has never stopped people buying Jaguars, nor will it inhibit sales of the new XJ-6.

test, I drove it to the presentation of the Legend. This is the Honda version of the car jointly developed with Rover, which builds it for Britain on the same assembly line.

One of my main grouches is about the lack of interior storage space. The door pockets will not look at anything the size of a Michellin Guide; the glovebox in the fascia has an imposing, lockable lid but is miserably small when opened.

Just two Legends are now in production at Cowley, both with V8 engines. They go on the market next January at about £14,700 for the equivalent to the Rover 825i and £16,700 for a more fully-equipped Sterling counterpart with air conditioning but no ABS brakes.

I hesitate to say which is likely to be the better buy because I only drove the Legend for about 50 miles and that is not enough to make a realistic judgment. But that is where we came in.

Although Lake Carleton is beautiful, it is difficult to reach and is therefore visited only by an exclusive sort of person. In my case, everything was made possible by a train of attendants—a joyous band of staff—whose driving ambition was to see me land a muskellunge, or "musky"—the famed and fighting pike-like predator that is probably the most difficult fish to catch in North America.

There was a driver to drive me, a guide to guide me, a pilot to lift me over an Impressionist's palette of wilderness coloured by a hundred golds and russets, and finally—I stepped from plane to boat and settled myself comfortably—a local expert to halt my line with a terrible lure, tiered with hooks, and to place the rod carefully in my hands.

It was 9:30 am. From a nearby lake came the barrowing call of loons. Now and then flights of duck scudded past importantly. Everything was still. "When the musky hits," said the expert, jangling my nerves, "you'll know all about it. It will close on the lure sideways and hit you like a train. You had better be ready. We'll work the shoreline first out of the wind; then we'll work past that old stone cottage. There's a musky down there that we call The Torpedo. He's four-and-a-half feet and more than 45 lb. Like I say, you'd best be ready."

Atlantic salmon, rainbow and brown trout, or large lake trout? If you want to bring a big fish home you can have it stuffed, though the cost of stuffing is horrendous. By the sound of it, competitors in these derbies are mollified, for the charter boat captain asks me not to expect fishermen but use common sense temperature probes to find the big fish. In short, this is not wilderness fishing. To find that, you head north.

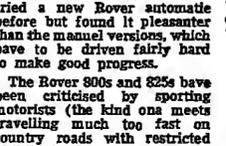
To get to Loney's Sportsman's Lodge I was driven north from Toronto on Route 400, which becomes Route 69, to the mining city of Sudbury. This is perched on the rim of Sudbury basin, thought to have been formed about 200 years ago when a meteorite blasted a crater 50 to 100 miles in diameter and three to four miles deep. As one of the US astronauts radioed back to earth during a lunar walk: "Houston... we seem to have found shocked rock formations here on the moon which are similar to those we examined during our training in Sudbury."

Times are hard in Sudbury because of the depressed price of nickel. Yet two things cheered me up. First, Sudbury

the Rover 800s and 825s have been criticised by sporting motorists (the kind one meets travelling much too fast on country roads with restricted visibility) for having soggy handling. I think this unfair, bearing in mind that they are aimed at mature business drivers in the main, not at the tearaway fringe.

During my 1,000 miles I was never embarrassed by poor handling or roadholding in wet or dry conditions. I will, however, concede some lack of feedback from the steering. It seems over-assisted, particularly at low speeds. But is this

the Honda Legend. It comes off the same assembly line but some of the differences are as obvious as the similarities



The Honda Legend. It comes off the same assembly line but some of the differences are as obvious as the similarities

Excellent play; simple, but very effective. For something really difficult from rubber bridge:

IN EACH of today's hands the declarers showed excellent technique. We start with Championship Teams-of-four:

With North-South game, East dealt and opened with three spades. South overcalled with four hearts, and North raised to six hearts. West led the king of spades, East overtook, and returned the queen. South ruffed with the knave of hearts, and drew trumps with ace and king.

There were two chances for his slam—to drop the queen of diamonds in two rounds or to play for a spade-diamond squeeze against East.

The declarer continued with three more hearts, throwing two diamonds from the table, and cashed his king of clubs. This left a five-card position, in which dummy held ten, eight of spades, ace, king of diamonds, and ruffed in hand. Now he led a diamond, and dummy's hand was good.

If East had thrown a diamond, South would have cashed dummy's ace and king, and returned to hand by ruffing the knave of diamonds for his 12th trick.

White: A Sokolov (USSR). Black: A Yusupov (USSR). French Defence (11th game 1986).

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Holidays and Travel Overseas

How about an exotic holiday in Glasgow? Swaying palm trees, shimmering sands and exotic scenery don't spring instantly to mind when you think of Glasgow. But try thinking of Glasgow, Jamaica instead.

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Travelling in style near Sudbury on one of Ontario's 400,000 lakes

Michael Thompson-Noel goes fishin' and sight-seein' in Ontario

Where white hunters follow the trail of the black bear

NEVER ONE to rough it, I have long viewed huntin', shootin' and fishin' as relatively tire-some pursuits that make sense only if the weather is auspicious and the threat of inconvenience or physical discomfort fairly close to nil.

Although Lake Carleton is beautiful, it is difficult to reach and is therefore visited only by an exclusive sort of person. In my case, everything was made possible by a train of attendants—a joyous band of staff—whose driving ambition was to see me land a muskellunge, or "musky"—the famed and fighting pike-like predator that is probably the most difficult fish to catch in North America.

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From Sudbury, I returned south to view the touristic magnet of Niagara Falls, which are well worth seeing and worth going to see. Along the way, though, there are numerous diversions. For example, The Inn and Tennis Club at Hamilton, which is a member of Hotels et Chateaux, is a luxury tennis resort of an opulence you might not have seen. In surroundings like that, even my stop volley ping like fina crystals; while even if it didn't, I was welcome to top-up on ovejé de castile and coquelet, rosi and medijeulles de from-boises, items I have always relied upon to beef up my serve.

More to the point, do not miss a visit to Sainte-Marie among the Hurons and the nearby Martyrs' Shrine, two miles east of Midland, which commemorates the work and death of 17th century Jesuits among the Huron (or Ojendaw) Indians. The mission lasted only 10 years. Eventually, six priests and two lay helpers were slaughtered and the Ojendaw nation was obliterated by the Iroquois.

What you see at Saint-Marie is a painstaking reconstruction of the mission complete with bastions and palisades, barracks, granary, refectory, chapel, church, wigwam and Huron longhouse. What you feel is the acutest sense of loss, for the treatment of the Canadian Indians (although not by the Jesuits) was as abominable as the treatment of indigenous peoples almost everywhere. "They were screwed blue and tattooed," said my driver solemnly. "It's not a story of which we are proud."

In Toronto, I had lunch with Ed Mirvish, an entrepreneur of the old school who ought to be teaching at Harvard but who contents himself with interests that include Ed's Warehouse Restaurants, Toronto's Royal Alexandra Theatre, and London's Old Vic. "I love the theatre," Ed told me. "I love that ink."

I told him I had been fishing. He rolled his eyes. "How I loathe fishing," said Ed. "I always have a bad experience. I took my wife out on a lake once up by Midland. A very small lake. I didn't catch a thing. 'We'd better go home, Ed,' she said. 'So I started rowing, but we were going round in sorta circles.' 'Ed! she said. 'What's this, Ed! she said. 'You got to be a genius or something to row a boat?' So I carried on rowing. It took for ages. When I finally got to the boathouse the man looked down and said: 'Why, Ed, you never raised your anchor.' Now that's a true story. How I do loathe fishing."

Two excellent hooks of the world title series can be recommended: Kasparov vs Karpov (224 pages, £2.95 to October 31, then \$3.95 from Chequers, 18 Chalk Farm Road, London NW11) has a diagram for every move, comments by Harston, photos and cartoons, while Kasparov-Karpov III by Keene and Goodman (Batsford, 124 pages, \$5.95) has on-the-spot and background reports which provide an entertaining read.

PROBLEM NO. 643. White mates in two moves, against any defence (by T. H. Rouse Tel. 01-262 1000).

White's variety of choice sets several traps for solvers and influenced the prize award.

BLACK (7 men)

WHITE (8 men)

Solution Page XXIII Leonard Barden

Travelling in style near Sudbury on one of Ontario's 400,000 lakes

Michael Thompson-Noel goes fishin' and sight-seein' in Ontario

Where white hunters follow the trail of the black bear

NEVER ONE to rough it, I have long viewed huntin', shootin' and fishin' as relatively tire-some pursuits that make sense only if the weather is auspicious and the threat of inconvenience or physical discomfort fairly close to nil.

Although Lake Carleton is beautiful, it is difficult to reach and is therefore visited only by an exclusive sort of person. In my case, everything was made possible by a train of attendants—a joyous band of staff—whose driving ambition was to see me land a muskellunge, or "musky"—the famed and fighting pike-like predator that is probably the most difficult fish to catch in North America.

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Homes fit for the new financiers

THERE ARE unlikely to be queues of cash buyers outside the country house, overseas villa and Central London residential agencies on the day after the City's Big Bang of October 27. Although that will mark the formal completion of the 100 per cent buy-out of many of the stockbroking and jobbing firms by their new banking and securities house partners, few payments under the partnership purchase agreements or staff incentive deals are directly linked to the Big Bang itself.

"I wouldn't expect to see a lot of stockbrokers with wallets padded with green notes in the last quarter of 1986 or the first quarter of 1987," says Charles Irby, a director of merchant bankers Baring Brothers. Barings has been involved in the structuring of a number of the City partnership purchase schemes and as Irby says, "the whole purpose of golden handcuffs is that payments are not on Big Bang-day, but further down the line." Many of the arrangements have been structured as "earn-outs," being tied to firms' performance over the next few years. So the first tranche payments that enlivened the top end of the housing market last year are not the end of the story by any means.

"There is going to be more City money coming out over the next few years," says Irby. But he also sees a possible problem as buy-out payments, performance, and joining bonuses have been spread to make them more tax efficient. "A lot of people will be earning big incomes this year and next, and some may regard that as continuing salary to service loans."

As for the post-Big Bang influx of City workers into London, although many of the expanding US groups have already moved in their key staff, Irby does expect to see more Americans arriving in London.

In his experience, "a lot of them are now putting down roots" and are becoming keener to buy than to rent. The Japanese have thus far shown themselves uninterested in the really high cost rentals of Central London, preferring to work through Japanese agents where possible, and to buy in cheaper, off-centre locations.

In a recent study of the prospects for City jobs as a whole the Henley Centre for Forecasting came up with a figure of an annual 4 per cent increase, adding 200,000 new jobs by the mid-1990s, 120,000 of them in financial services. But only a fraction of those jobs would be in the high earning world of senior bankers and the pilots of dealing screens, so they are unlikely to have a direct impact on prime property prices.

In the meantime, timezone victims, those golden handshakes and now handcuffed servants of the new, early start City, seem to be finding committing a bit of a problem.

David MacLean Watt, running Clutton's London residential operations, and Desmond Hampton, responsible for the agency's country properties, have been noticing yearly signs of a tidal ebb in the race to move out of town.

A country house and a flat in town is the classic theoretical solution to the problem. But now that a good, small modern central London flat can cost you £150,000 before running costs, that's not always a realistic option. And you can imagine the number of problems that arrangement causes City workers with families.

David MacLean Watt, having worked in an agency in the

same problem now faces residential developers in Docklands.

Adrian Wright of Callander Wright makes the same point. Locational logic is one thing, but being close to the City isn't enough on its own. Senior American bankers, their British counterparts, and those would-be senior executives in the major finance houses, are, as Wright says, highly conscious of the need to live in the "right" area. They may be innovative in their work, but they are not pioneers when it comes to deciding on where to live.

Schools, and shops, and status are the locational criteria that still really determine buying preferences in London. Harrods and the other big stores, and a neighbourhood with an established image, exert an irresistible pull. As Wright says, not too many buyers are keen to go to work each day leaving their wife (and in spite of the City's increasing equality on jobs for men and women, London agents confirm that it is normally the wife who, in the expressive jargon of the relocation companies, turns out to be the "trailing spouse") in an area with anything but an established reputation.

It adds up to a problem for agents with a worryingly large number of new luxury developments in Docklands coming onto

the market over the next year. The schemes themselves are adding to the cases of quality housing in the area. But many of the new properties are expected to come onto the market at prices which, on a space for space and quality to quality basis are on a par with new and refurbished space in the West End.

These new executive estates—even those with a river, or at least a water view—do not have the unique appeal of the riverside warehouse conversions that set the pace for up-market properties on the western edges of Docklands, so their main sales strength tends to be proximity to the City, which, on the Harrods thesis, may not be enough.

If Henley's figures on City job growth prove to be correct—and the 8.8m sq ft of offices, the hotels, and half a million sq feet of shopping proposed over a 10 year span at Canary Wharf do help to shift the City's centre of gravity eastwards—up-market housing on the Isle of Dogs, Leamouth, and in the water city proposed in the Royal Docks further east, may indeed become fashionable enough to appeal to those who now look to the West End to live. But not too many people are happy to take a five to ten year view on the potential of their neighbourhood.

John Brennan predicts that any boom in housing for a Big Bang influx to the City will not expand London's up-market residential areas

In recent months they have come across a few City executives who, having leapt at the chance of buying a country house, paddock, driveway, and all the trimmings, are finding that the life of the country gentleman doesn't accord with the working hours of the new, all-action, 24-hour a day trading City of London.

Getting up at 6 am to reach the office by 7.45 is fine in theory, but when the day doesn't end until mid-evening long distance commuters rarely get to see their country home in daylight hours during the week.

Islington market in the years when it was being "discovered" as a potential City village, recalls arguments that were used in favour of the areas as a home base for senior City people.

The arguments sound remarkably similar to those used now in favour of Docklands. In his opinion, Islington properties never quite managed to break through into the senior staff price range of Kensington and its satellite areas because it just doesn't have the quality of shopping, or the depth of amenities of the West End. He thinks that

Price levels soar to nearly £1m mark in W9

MAIDA VALE property prices are acquiring a "greater Regents Park" look, with houses on Bloomfield Road, Little Venice, W9 on the market—but

not yet quite achieving—£1m a time. Number 87 Maida Vale recently broke new price levels for houses in the area of the Grand Union and Regent's

Canals, selling for £870,000. And Beaucham Estates (01-496 7722) will soon be trying the market with a £1.84m new house and news conversion on the corner site of Randolph Road and Randolph Mews, W9, a garden's distance from the canal.

The current owner bought the site for around £400,000, picking up an improbably elegant former Victorian electricity substation in the process. Handed to architects Michael Brown Associates that building and the house site are being turned into an impressive family home and mews house that will be sold either as a package, or separately.



BROADWAY Worcestershire, appears so often in films representing the tourists' ideal of an English village that it comes as something of a surprise to see that people actually live there. Kysant House, a four bedroom 17th and 18th century house in the village, gives an idea of the value of becoming known as a picturesque. Jackson-Stops & Staff at Chipping Camden (0386 840224) are asking £250,000 for the house.

Only one remaining!

YORK HOUSE, with 31 Edwardian scale flats standing in its own private road between Kensington Church Street and Kensington Palace Gardens, is about to come onto the market for £2.5m. Chestertons (01-262 5000) which is handling the sale for Wallbrook Properties, has only one vacant flat in the block. Five are fixed tenancies, 23 have been sold on long lease-

holds, and the block's total rent roll is just £45,000 a year. But the appeal of the building is planning permission for a couple of 4,000 sq ft penthouses, and as one of the roof sites happens to be above the vacant flat, there is scope to create a 10,000 sq ft duplex penthouse suite on that side of the building if the buyer combined the space.

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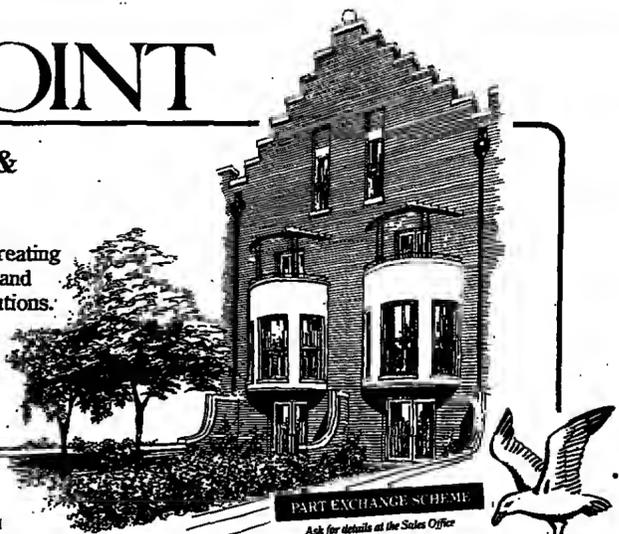
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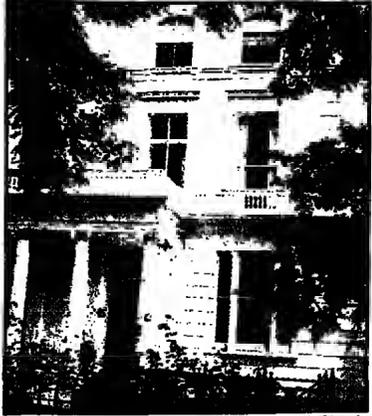
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885, 887, 889, 891, 893, 895, 897, 899, 901, 903, 905, 907, 909, 911, 913, 915, 917, 919, 921, 923, 925, 927, 929, 931, 933, 935, 937, 939, 941, 943, 945, 947, 949, 951, 953, 955, 957, 959, 961, 963, 965, 967, 969, 971, 973, 975, 977, 979, 981, 983, 985, 987, 989, 991, 993, 995, 997, 999, 1001, 1003, 1005, 1007, 1009, 1011, 1013, 1015, 1017, 1019, 1021, 1023, 1025, 1027, 1029, 1031, 1033, 1035, 1037, 1039, 1041, 1043, 1045, 1047, 1049, 1051, 1053, 1055, 1057, 1059, 1061, 1063, 1065, 1067, 1069, 1071, 1073, 1075, 1077, 1079, 1081, 1083, 1085, 1087, 1089, 1091, 1093, 1095, 1097, 1099, 1101, 1103, 1105, 1107, 1109, 1111, 1113, 1115, 1117, 1119, 1121, 1123, 1125, 1127, 1129, 1131, 1133, 1135, 1137, 1139, 1141, 1143, 1145, 1147, 1149, 1151, 1153, 1155, 1157, 1159, 1161, 1163, 1165, 1167, 1169, 1171, 1173, 1175, 1177, 1179, 1181, 1183, 1185, 1187, 1189, 1191, 1193, 1195, 1197, 1199, 1201, 1203, 1205, 1207, 1209, 1211, 1213, 1215, 1217, 1219, 1221, 1223, 1225, 1227, 1229, 1231, 1233, 1235, 1237, 1239, 1241, 1243, 1245, 1247, 1249, 1251, 1253, 1255, 1257, 1259, 1261, 1263, 1265, 1267, 1269, 1271, 1273, 1275, 1277, 1279, 1281, 1283, 1285, 1287, 1289, 1291, 1293, 1295, 1297, 1299, 1301, 1303, 1305, 1307, 1309, 1311, 1313, 1315, 1317, 1319, 1321, 1323, 1325, 1327, 1329, 1331, 1333, 1335, 1337, 1339, 1341, 1343, 1345, 1347, 1349, 1351, 1353, 1355, 1357, 1359, 1361, 1363, 1365, 1367, 1369, 1371, 1373, 1375, 1377, 1379, 1381, 1383, 1385, 1387, 1389, 1391, 1393, 1395, 1397, 1399, 1401, 1403, 1405, 1407, 1409, 1411, 1413, 1415, 1417, 1419, 1421, 1423, 1425, 1427, 1429, 1431, 1433, 1435, 1437, 1439, 1441, 1443, 1445, 1447, 1449, 1451, 1453, 1455, 1457, 1459, 1461, 1463, 1465, 1467, 1469, 1471, 1473, 1475, 1477, 1479, 1481, 1483, 1485, 1487, 1489, 1491, 1493, 1495, 1497, 1499, 1501, 1503, 1505, 1507, 1509, 1511, 1513, 1515, 1517, 1519, 1521, 1523, 1525, 1527, 1529, 1531, 1533, 1535, 1537, 1539, 1541, 1543, 1545, 1547, 1549, 1551, 1553, 1555, 1557, 1559, 1561, 1563, 1565, 1567, 1569, 1571, 1573, 1575, 1577, 1579, 1581, 1583, 1585, 1587, 1589, 1591, 1593, 1595, 1597, 1599, 1601, 1603, 1605, 1607, 1609, 1611, 1613, 1615, 1617, 1619, 1621, 1623, 1625, 1627, 1629, 1631, 1633, 1635, 1637, 1639, 1641, 1643, 1645, 1647, 1649, 1651, 1653, 1655, 1657, 1659, 1661, 1663, 1665, 1667, 1669, 1671, 1673, 1675, 1677, 1679, 1681, 1683, 1685, 1687, 1689, 1691, 1693, 1695, 1697, 1699, 1701, 1703, 1705, 1707, 1709, 1711, 1713, 1715, 1717, 1719, 1721, 1723, 1725, 1727, 1729, 1731, 1733, 1735, 1737, 1739, 1741, 1743, 1745, 1747, 1749, 1751, 1753, 1755, 1757, 1759, 1761, 1763, 1765, 1767, 1769, 1771, 1773, 1775, 1777, 1779, 1781, 1783, 1785, 1787, 1789, 1791, 1793, 1795, 1797, 1799, 1801, 1803, 1805, 1807, 1809, 1811, 1813, 1815, 1817, 1819, 1821, 1823, 1825, 1827, 1829, 1831, 1833, 1835, 1837, 1839, 1841, 1843, 1845, 1847, 1849, 1851, 1853, 1855, 1857, 1859, 1861, 1863, 1865, 1867, 1869, 1871, 1873, 1875, 1877, 1879, 1881, 1883, 1885, 1887, 1889, 1891, 1893, 1895, 1897, 1899, 1901, 1903, 1905, 1907, 1909, 1911, 1913, 1915, 1917, 1919, 1921, 1923, 1925, 1927, 1929, 1931, 1933, 1935, 1937, 1939, 1941, 1943, 1945, 1947, 1949, 1951, 1953, 1955, 1957, 1959, 1961, 1963, 1965, 1967, 1969, 1971, 1973, 1975, 1977, 1979, 1981, 1983, 1985, 1987, 1989, 1991, 1993, 1995, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2015, 2017, 2019, 2021, 2023, 2025, 2027, 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2043, 2045, 2047, 2049, 2051, 2053, 2055, 2057, 2059, 2061, 2063, 2065, 2067, 2069, 2071, 2073, 2075, 2077, 2079, 2081, 2083, 2085, 2087, 2089, 2091, 2093, 2095, 2097, 2099, 2101, 2103, 2105, 2107, 2109, 2111, 2113, 2115, 2117, 2119, 2121, 2123, 2125, 2127, 2129, 2131, 2133, 2135, 2137, 2139, 2141, 2143, 2145, 2147, 2149, 2151, 2153, 2155, 2157, 2159, 2161, 2163, 2165, 2167, 2169, 2171, 2173, 2175, 2177, 2179, 2181, 2183, 2185, 2187, 2189, 2191, 2193, 2195, 2197, 2199, 2201, 2203, 2205, 2207, 2209, 2211, 2213, 2215, 2217, 2219, 2221, 2223, 2225, 2227, 2229, 2231, 2233, 2235, 2237, 2239, 2241, 2243, 2245, 2247, 2249, 2251, 2253, 2255, 2257, 2259, 2261, 2263, 2265, 2267, 2269, 2271, 2273, 2275, 2277, 2279, 2281, 2283, 2285, 2287, 2289, 2291, 2293, 2295, 2297, 22

London Property

KENSINGTON GATE, W8 and QUEENSGATE MEWS, SW7



More important stucco-fronted house occupying a prime position in this exclusive and quiet garden square, with the unusual added benefit of its own freehold MEWS HOUSE with a garage at the top of the south-facing garden. Both properties have been finished to an exceptionally high specification, and are arranged as follows:

**Kensington Gate:** Drawing room, dining room, kitchen/breakfast room, master bedroom with dressing room and bathroom en suite, 3 further bedrooms, guest sitting room, bedroom 5, bathroom, shower room, cloakroom, utility room/banquet kitchen, central heating, 9 line telephone system, security system, garden and C.H.

**Queensgate Mews:** Reception room, kitchen, bedroom, bathroom, central heating, cloakroom and en suite.

Kensington Gate, W8 Leasehold: 78 years. £995,000  
Queensgate Mews, SW7 Freehold

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John Brennan previews Chelsea Harbour, a new £100m 'village' on the Thames  
**Meet me down by the riverside**

THE QUEUE for a home in Chelsea Harbour formed long before the old British Rail site at Chelsea Basin acquired its new name. As the wraps come off Town and City's 400-home residential and commercial development between the Thames and King's Road, contracts are already being processed and posted to more than 60 buyers for the 180 houses and apartments in the first phase of this two-year, £100m construction project.

John Anderson, the Town and City director responsible for the largest private housing development of its kind in central London, admits to some surprise at the response from people who have been writing for details since T. and C. acquired the 18-acre site last October for around £1m an acre. More than 400 people have been in touch so far, and what pleases him is that "there may be some dealers, but most of the buyers are owner occupiers, and that's who we wanted. We are looking for people to live there, which is why it is mixed use with small commercial studios, food shops, and restaurants. It is not like a private estate with a sort of fortress atmosphere. It is more like a village."

Advance buyers have snapped up the two, £150,000, one-bedroom apartments in the first phase, which will form a crescent of housing facing the marina which T. and C. is creating by Chelsea Creek. Two- and three-bedroom apartments are going for between £280,000 and £450,000, and so too are penthouses in the £450,000 to £750,000 range. The biggest of the river-facing houses will have price tags of up to £2m according to the joint agents, Hampton and Sons (01-493 8222) and Savills (01-730 0822). All the residential space is being sold on 125-year leases.

It really would be quite hard to go wrong with a development that has a half-mile stretch of river frontage linking Fulham and Chelsea. In this case, John Anderson took out insurance by calling in the consultancy team from commercial property surveyors Jones Lang Wootton to find out just what London buyers really do want. J.L.W. and Hampton and Sons' research led to the adoption of the office concept of a "shall and core" option for much of the residential space. Just as office occupiers may choose to fit out the interior of a new building themselves, so early Chelsea Harbour buyers can either pick one

of the designs on offer, or buy a shell property and have their own interior layout built in by the developers.

Handling 400 different interior specifications would be a headache for the contractors, but the building design allows for it.

As John Anderson says: "We've really approached the whole of this like a commercial property development." Bovis, like T. and C., part of Sir Jeffrey

Sterling's Peninsular and Orient group, is "fast tracking" with just as tight scheduling as any City office scheme. Having won Hammersmith and Fulham's outline planning competition last summer, the developers completed the site purchase only last October and managed to get detailed planning through in just four months. That was agreed on April 15 and, in the past few weeks, Anderson has been down topping out two of the commer-

cial buildings on the site. By October 1988 the last builders should have packed up and gone. Apart from the housing, the harbour will have an 80,000-sq-ft Covent Garden look-alike "Chelsea Garden Market" with shops, restaurants, wine bars and market stalls. A 60,000-sq-ft "Harbour Yard Market" will have small studio workshops, and there will be another 90,000 sq ft of small, leaseable office chambers. There is also an hotel

facing the marina, and Anderson explains that discussions are in progress with a number of possible operators. The choice will determine whether it ends up as a 200-bedroom hotel, or a 100-suite apartment hotel.

There will be a 2,000-space underground car park on the site, and a road system that should stop Chelsea Harbour from becoming a short-cut for through traffic.

P & O lost its first joint funding partner when United Kingdom Provident Institution (UKPI) moved under the wing of Friends Provident. The £800m Globe Investment Trust provides a solid enough substitute.

Anderson will be letting prospective buyers in Hong Kong get a look at the scheme next month, and visitors to the next Boat Show in London will be able to see how Chelsea Harbour itself will look because that will be the centrepiece of the exhibition. Anderson himself has a sunnier image of the scheme to carry around. In the early 1970s he found himself selling as well as building Costain's Vale de Lobo estate on the Algarve at the time of the Portuguese revolution. "It was the mixture of uses there that made it work so well, and that's what we're doing here."



Contracts are already being processed and posted to more than 60 buyers

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**Rollover funding may help**

BRITAIN COULD soon have its first specialist residential property development fund, writes John Brennan.

Consortiums of investors have been backing individual building and refurbishment projects across London for a number of years. Cash-rich partners of broking firms taking their latest tranche of buy-out money, and City traders making use of their transfer fees have been setting up ad hoc flat conversion projects managed by a number of the more development-conscious agents. Now, the private development company Warwick Balfour is in discussions that will take that idea a stage further.

At the moment, its developments are being part-funded by equity money drawn down on a project-by-project basis from a consortium of clients of an unnamed US bank (understood to be Citicorp). Warwick-Bal-

four director Richard Balfour-Lynn says that by using private equity, with a minimum stake of £100,000, it is possible to gear-up a development with bank borrowings to achieve a 20 to 25 per cent profit for the investors, plus non-profit interest worth a further 12 per cent.

Talks with the bank at the moment are designed to move from that building-at-a-time syndicate financing into a rollover of private investors' money for a continuing programme of development. Once that has been agreed, Warwick Balfour's backers will have created an effective residential development fund. The question that any investor would be asking is how Balfour-Lynn expects to be able to match previous returns in a market where the spectacular price rises of the past two years look unlikely to be repeated for some time. Warwick-Balfour is rare,

although not unique, among the residential developers in getting its funding sorted out in such a way that it does not have to gamble on a rising market to come out ahead. Robin Faber at Nairn Construction is another finance man turned developer who underlines the point that,

Faber, an accountant whose City time was spent at Peat Marwick Mitchell and at merchant banker Guinness Mahon, regards the residential market as "terribly amateurish." He thinks it has become too risky for single property investments and says: "There is a massive

**Consortia of private investors have backed individual developments, but some companies are now seeking equity finance for continuing programmes**

over-supply of properties built for rent, and, for the first time, agents are finding it difficult to let even prime apartments at good rents. Places have to be re-occupied quickly—all the Big Bang people who came in and rented are deciding to buy."

If there are enough of those

transfers from renting to buying, the big and growing stock of quality London flats could be taken up that way. But who knows? Robin Faber's comment on rental space is as subjective as every other view on the market. The only known point is that we don't know—and that doesn't make for confident tipping either way.

If investing in a single rental unit is less appealing than in the past, what about buying to convert for sale? Faber repeats the one product warning: "There are more developers around than there are development properties; and unless you have the contacts to be offered properties before they are on the market, you're having to bid against owner-occupiers who are prepared to pay because they underestimate the costs of doing things up."

"It is no longer possible" he adds, "for a serious developer to do a project for under a quarter of a million pounds, and for that you would only have one property." In a buyer's market for luxury or near-luxury flats, he thinks that could be an expensive gamble.

**Colonial freehold**

A LITTLE bit of New England has come to Horseshoe Ridge, St George's Hill, Weybridge, Surrey. Builders Castle Eaton are just finishing work on a 4,000 sq ft, five-bedroom house set in an acre of grounds. It is the first colonial style property on St George's Hill, which has most other architectural styles at the end of discreet drives on this 900-acre private estate. Owners of the mix of mock-Tudor/Italianate villas, and "moderns" have an 18-hole golf course and a tennis and squash club to complement their own courts and games rooms, and the estate is just five minutes from Heathrow and 25 minutes from Heathrow's orbital M25.

Hampton & Sons' Escher office (0872-68411) are asking around £565,000 for the freehold house with 10-year NHBC guarantee.

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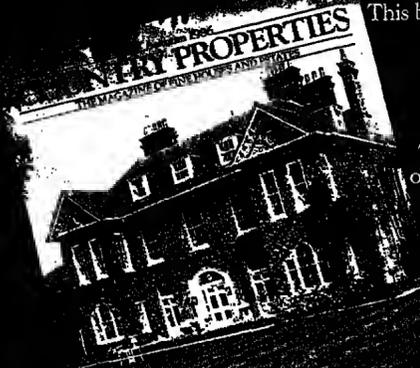
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# Rich pickings in Spain

MALAGA airport is not the most pleasant place in the world to be stuck waiting for a delayed flight. Even on a Friday night in late September it looks like Heathrow on a bank holiday, as waves of pallid north European visitors collide with homebound hoards of newly tanned compatriots.

More than 9m tourists each season pack into the thin strip of land squeezed between the Mediterranean and the Sierras along the southern coast of Spain. Torremolinos for the cheap package trips, Marbella for the "setters, and the in-between scattered through a range of millionaire villas and tower-block apartments.

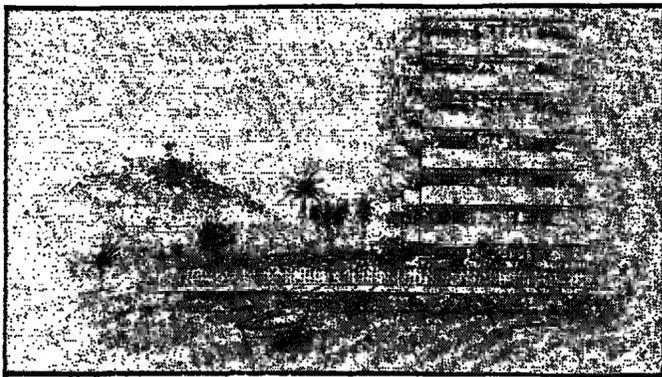
It is a captive audience which has provided rich pickings for property developers—offering a more permanent place in the 300 days of sun which cook the Costa del Sol every year.

The British have been settling on the coast for decades, revealing in cheap holiday or retirement homes and a low cost of living in the sun (and for a few bank robbers, and for a singular lack of bother from the police). Those days are over, however. Spain has joined the EEC, slapped 12 per cent value added tax on new building and 33 per cent on luxuries—including the vital car hire. Even the bank robbers are being evicted under the pressure of an extradition treaty with the UK.

But demand seems to keep on rising. It surged with the lifting of exchange controls in 1979 and has been fed since then with redundancy payments, profits from a surging stock market and relaxed capital gains tax. Now the "Hatters Factor" has brought an even greater sense of urgency to the market as buyers rush to get their money out of Britain in case a new government arrives to raise taxes and slam the door on capital exports.

There is no shortage of property to choose from. A forest of tower cranes along the coastline keep spawning apartment blocks of studio flats costing as little as £10,000 and hillside are being carved up for villas worth anything up to £500,000.

The choice is made even more daunting by the complications of Spanish taxes and legal rules. Fraud has been rampant, with sunstruck tourists easy prey to the unscrupulous. Many buyers have turned to UK agencies, expecting more protection, but court records show that they are more likely to be gypped by a British agent than by a Spanish one.



An artist's impression of the luxurious El Rey apartment block at Fuengirola

There are now some big British names on the coast, such as Wimpey and Barratt, which cannot afford to be touched by such scandal, however, or their business and standing at home will suffer.

Put two British names like Sunley and Chesterton together and the security seems iron-clad. In fact, security seems to be a big selling point for the very wisest apartment projects.

**Security seems to be a big selling point, and while the crime rate is remarkably low it probably pays to take a few extra precautions in the shape of shutters and guards, says David Lawson**

block called El Rey being put up by this newly-formed team of builder and agent at Fuengirola, about half-way between Marbella and Malaga. Barred windows, steel shutters, security guards, video-entry phones, armour-plated doors and special locks will guard the new owners from outside perils. Not that there are too many perils on this part of the coast: the crime rate is remarkably low. There are no nearby bars or discos to fear, nor shops or other public facilities on the ground floor to let in outsiders.

But when you transplant a little bit of Mayfair onto a Spanish beach, it probably pays to take a few extra precautions. "We tell buyers they can have the bars taken off if they wish, but no-one has asked so far," says David Wood-Roberts, Sunley's head of sales on the

"They know they can lock up the £5,000 or £10,000 worth of furniture they have installed and go home to Britain or Denmark or wherever and not worry."

Mayfair residents should be so lucky. In fact, they might consider it worthwhile moving out there and keeping a holiday home in the Barbican. For their £55,000 to £90,000 they

For those still counting the pennies, Sunley has guaranteed service charges at about £500 a year per flat for two years, helped by the £50,000 worth of solar water heating on the roof. Some interesting financial packages have also been put together by sales manager Mark Lawson, including a 75 per cent mortgage in sterling over 15 years at a current 12.5 per cent through Lloyds Bank in Gibraltar.

He is not actively marketing the idea, but the Rock can also be a useful channel for avoiding the 6 per cent sales tax in Spain, by acquiring an off-the-shelf company to buy property. This arrangement can be even more crucial when a property owner dies, as inheritance tax can be punitive. Widows have found they cannot sell their homes until they pay up more than 20 per cent of its value, and other relatives can be landed with a tax burden of more than half the value of a property.

Whether or not Sunley's buyers have come in via the Rock, none has taken up the finance package, which shows that there is still cash around for export to the Costa del Sol.

groja standards, but Mr Wood-Roberts says they work out cheap per square foot than the smaller flats normal for neighbouring blocks, which in any case do not have the built-in facilities. They do not seem to have frightened off buyers, as about 25 per cent of the block has been taken before completion, and the levels are beginning to drift upwards by a few thousand pounds.

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# OKLAHOMA!

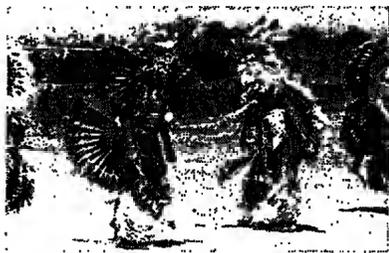
## A Unique Travel Destination Awaits You

The eyes of the United States and the world have focused on Oklahoma in recent years as our economy and population have boomed. Our relaxed lifestyle and friendly people, our progressive development, molded by a frontier spirit, make Oklahoma one of the most unique places in the United States to live or visit.

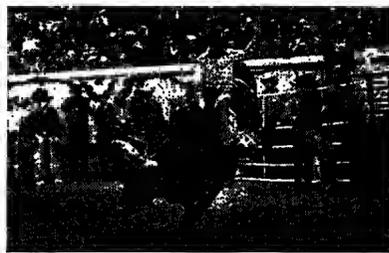
Oklahoma is centrally located in the United States, making it easily accessible from any direction by the many major airlines serving both Europe and Oklahoma. For adventurous individuals, we have extensive ground transportation rentals — everything from cars to recreational vehicles. And you will want to see all of Oklahoma — from our oil rigs and horse ranches spread across the wide-open plains to our lush wooded hills and rugged mesas. Oklahoma abounds with cowboy rodeos and Indian pow wows, thus preserving a rich western and American Indian heritage

by passing these rites down through generations. Oklahoma also offers metropolitan cities with dining and shopping excellence, and visitors can even return home with authentic western wardrobes! Our scenic variety is complemented by a bright and sunny climate well-suited to popular and affordable fishing and outdoor recreation. Every imaginable water sport — from sunbathing to water skiing — can be enjoyed from April through October on over one million acres of fresh inland water.

Water, scenery, western and Indian history, events, sports, attractions, and Oklahoma hospitality — we are convinced that Oklahoma possesses the variety and beauty to give every European traveler the very best vacation value. Welcome, come on to Oklahoma! For more information, contact your local travel agent or write: Oklahoma Tourism, 500 Will Rogers Bldg., Dept. FT, Oklahoma City, OK 73105.



American Indian Exposition, Anadarko, OK



Oklahoma hosts over 100 rodeos a year

ONTO **OKLAHOMA!**  
AMERICA'S FRONTIER  
LAKE STATE™

## Barge-In To Oklahoma.

The McClellan-Kerr Arkansas River Navigation System is a 450-mile water artery, running straight into the heart of Oklahoma — and American commerce.

Oklahoma's Inland Waterway system is paying big dividends to companies searching for low-cost transportation, twelve months a year, in and out of the lucrative Sunbelt marketplace: a waterway that not only connects Oklahoma to the world, but also with America's entire inland waterway system, from Houston and New Orleans, to Pittsburgh and Minneapolis.

Tulsa's Port of Catoosa and the Port of Muskogee offer exceptional terminal facilities, extensive warehousing space, adjacent industrial parks, heavy-duty waterfront cranes, loading and unloading facilities, plus easy connection with intercontinental truck and rail transit systems.

The 2,000-acre Tulsa Port includes a 64-acre foreign trade zone and the Port of Muskogee is a designated U.S. Customs Station.

Oklahoma's tide is right for your industrial plans. Barge-in to Oklahoma via the McClellan-Kerr navigation channel for the most cost-efficient link in your American industrial distribution and logistics chain.

For all the facts about the Port State of Oklahoma, contact: Dr. Francis Tuttle, Oklahoma Department of Commerce, 6601 Broadway Extension, Oklahoma City, Oklahoma, U.S.A. 73116 Telephone (405) 521-2401 Telex 350352.

**McClellan-Kerr Arkansas River Navigation System**

Politics

## Shift away from grassroots

OKLAHOMA will know on Wednesday November 5 whom it has elected as its leadership for the next four years. However, whether the voters' choices will make any real difference on the future direction of the state is a moot point.

Most of the politicians standing for key executive posts share many views, and the legislature will continue to be dominated by the Democratic Party.

Nevertheless, the public pollsters believe the voters are particularly volatile this year, and the Election Board predicts the turnout at the polls will be heavy. So the weight of political power could shift further away from grassroots level towards the capital.

There are already indications that some change is being sought by the electorate, which has been preoccupied since the collapse of the oil boom earlier this decade by declining prosperity. The voters appear to blame this on lack of foresight among the incumbent leadership.

In the primary polls, half the state senators up for reelection were eliminated, either by the voters or by the senators withdrawing from the fray.

The Republican Party, only on the political map since 1962 when Mr Henry Bellman he-

came the state's first Republican governor, can be expected to gain new strength.

Mr Bellman, who served as US Senator between 1968 and 1981, is again attempting to become Governor. If, as the pollsters predict, he wins, and his fellow-Republicans make significant gains in the state's Senate and House of Representatives, the party could at last be on its way to becoming a real political force in Oklahoma.

Oklahoma is a conservative state — an Oklahoma Democrat is often much further to the right of a Republican from the north or north-east US. This explains why Oklahoma, like many of its neighbours in the south-west, elect Republicans to the national government.

Since Gen Dwight Eisenhower in 1952, Oklahoma has always given its presidential vote to Republicans with the exception of President Lyndon Johnson. His key to the Oklahoma heart was that he was from neighbouring Texas.

The state's real political spectrum, while narrow, is contained within the Democratic Party itself. There are many would-be Republicans who are registered Democrats, in the knowledge that often their only chance of affecting who will be elected is to vote in the Democratic primary on the person to stand in the general election.

Moreover, the politics which really count are at grassroots level. This involves local officials who deal directly with the voters' daily quality of life, and state-level politicians whom they think can best affect policy and funding which will benefit the local community.

The same can be applied to candidates for federal office. Foreign policy, for example, is often of little concern to the voter except when it involves say, Oklahoma wheat or oil prices. The voter knows that whoever is elected will concentrate on local issues — otherwise, he will not last longer than a single term.

The real interest centres on whether the electorate will continue to shake up the old guard, and, on the contest for governor. This office has grown in stature among the voters as their oil-protected state has been forced increasingly to deal with the wider economic world.

Mr George Nigh, the only Governor to have carried all the state's 77 counties, has had to step down because, he cannot serve for a third consecutive term. The choice now is between an elder-statesman figure, Mr Bellman, aged 65, and a man almost half his age and with no experience of top

electing office, Mr David Walters, aged 34.

Even here, the campaign seems more a clash of style rather than one of substance, judging from what little the two say in public. Mr Bellman is for level-headed experience to guide Oklahoma through troubled times, and Mr Walters is for a fresh approach to the same problem.

Significantly, however, both have been deeply involved in business and are pledged to support economic diversification involving the best incentives for promoting new industry.

Real differences lie in whether taxes will have to be increased to finance state expenditure, which on present indications cannot be increased next year and may even have to be cut. Figures for September show that while state revenue was enough to meet this month's payments to state agencies, it was still 13 per cent below September last year.

Mr Walters says he will not propose tax increases but will raise \$30m from private industry to finance the state's involvement in business expansion. Mr Bellman remains coyly "flexible," maintaining that tax rises can be considered only after everything else is done to eliminate waste in government spending.

## End is nigh for top traveller

Profile: Governor George Nigh, a travelling salesman for the state

AS LAME ducks go, Mr George Patterson Nigh has kept moving faster than most. Even his critics agree that, while the governor has long been aware that he could ease up since he must give way to a new man at the start of 1987, he has remained almost indefatigable in working for Oklahoma's economic regeneration. He has travelled the US and the world to promote Oklahoma as a good place in which to do business.

"I have made several trips right up to the end of my administration to try to assure the next governor it is the right thing to do," Governor Nigh said on his return earlier this month from his most recent mission, to London with a 50-strong trade delegation.

"I want Oklahoma brought into the global market," he said.

While many of the state's top business leaders applaud his efforts, Mr Nigh's trips to such places as Japan, China and India have drawn considerable flak from the state's conservative grassroots, where globe-trotting can be regarded as simply glamorous rather than necessary.

Mr Nigh deflects this criticism by consistently pointing out that, rather than burden the state's already hard-pressed finances, his missions have been in the main financed by private-sector contributions of more than \$1m. His initial London press statement announced matter-of-factly, but prominently: "The Governor's expenses will be borne by private funds."

On the assertion that these



high-profile efforts might be unnecessary, he is downright combative: "My conviction, is that Oklahoma was not doing better because, although we are fiercely proud, we have not been aggressive in promoting ourselves.

"There is an adage that if you build a better mousetrap, the world will beat a path to your door. That is nonsense. The world has got to know you have that mousetrap."

He believes that one of Oklahoma's biggest encouragements for business to settle in the state — its central location — has also kept it insulated from the knowledge that it must diversify economically with outside help.

"Perhaps my single most important contribution as Governor may be judged years from now that I opened Oklahoma to the world," he said. "We have not had a lot of foreign investment, and it is mainly because we have not tried to get it."

"We have the location, the industrial livestock, the advantageous tax base, the skills, the weather. The only thing we don't have is an outside awareness of our state. People don't know we are here. It is America's best-kept secret."

Mr Nigh, aged 59, is prevented by law from standing for a third four-year term, but is the only Oklahoman governor to have been elected for two consecutive terms. He was a high-school teacher before entering politics in 1950 as the youngest-ever member of the state's lower House, and subsequently served three terms as lieutenant-governor.

He has also been in business,

running his Oklahoma City public relations firm. He is married with two grown children.

Governor Nigh couples his goals of trade promotion and the securing of foreign investment with attempts to strengthen the powers of the governor's office, which is traditionally weak relative to most other US states.

In the spring Mr Nigh realised an ambition with the introduction of a cabinet system of government, under which the governor can appoint heads of state agencies rather than having them led by elected officials.

The aim is to promote the governor's role as chief executive. Because of the state's pioneer, populist tradition, this had not yet been achieved, Mr Nigh said.

"While Oklahoma has always had a governor, many of his programmes have been run by people who were almost co-equal. Today, the Governor of Oklahoma can speak with a stronger voice. He will be even stronger in the years to come."

Nevertheless, he admits that the only certainty in Oklahoman politics is that, from January, he will no longer be in charge, at whatever level of power. And while allowed to stand again for the governorship in four years, he refuses to be drawn on his plans.

People who are close to Governor Nigh feel he could remain in politics, given that he seems to thrive on high-level policy making. For the moment, though, it seems likely that he will resume teaching.

He also is expected to continue to travel extensively to promote Oklahoma, while possibly joining some company boards as consultant on trade matters and economic development. He is also understood to be planning a book based on his career in politics.

Economy

## Penalty paid for oil boom

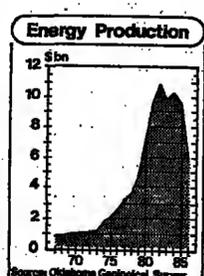
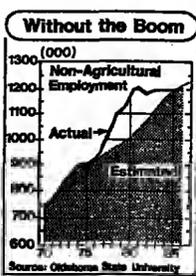
REPORTS filing last Saturday's front page of the business section of the Oklahoman & Times newspaper summed up the state's economic situation: doom and gloom but some further hope that better times may be on the horizon.

The first said the position of the state's savings and loan institutions, (the US equivalent of Britain's building societies), may be the worst in the region. A survey by the Federal Home Loan Bank of Topeka, Kansas, showed that 63 per cent of the Oklahoma companies involved recorded net losses for the second quarter and, worse, reported an aggregate operating loss of \$19m on their core business.

In the second piece, Oklahoma City's commercial building rate is reported as continuing to rise. A survey by The Sweetser Company, one of the larger commercial estate agents in central Oklahoma, showed that the position in all but one area of the capital had deteriorated. Business, industrial, office and retail vacancies in the major commercial districts stood at 26 per cent. Sweetser expects the trend to continue.

Another story said the Waterford Hotel, one of Oklahoma City's luxury showpieces, had to be sold after failing to pay its mortgage debt.

But spread across the top of the page was the news of a big drop in the state's unemployment rate to 8.3 per cent last month from August's record 9.3 per cent. The figure is still well above the 6.8 per cent national rate and the 6.6 per cent in the state during the



same month last year, but indicated in part to greater employment in several sectors of industry. It is a welcome bucking of a trend that depressed Oklahomans have been living with for several years.

Snatches of good news such as this are prompting the state's leading economists and industrialists to suggest that Oklahoma's most serious recession since the 1930's depression might be hotting-out.

It also brings hope to those looking for a sign of economic regeneration separate from the fortunes of the oil industry.

In the mining sector, more than 95 per cent of which involves oil and gas production, some continued their long-standing decline in September shedding a further 3,800 to their lowest point for more than 20 years.

Economists such as Prof Alexander Holmes of Oklahoma University and Prof Larkin Warner of Oklahoma State University have pointed out that the recession is relative only to the oil boom. The state's economy is at the point where it would have been anyway if there had been no oil.

The oil price booms of the past 15 years were possibly the worst thing that could have happened to energy-based Oklahoma, diverting it from its central need to diversify while raising economic expectations to unrealistic levels, they say.

For example, the number of jobs today is in line with forecasts made long before the energy boom.

Prof Larkin believes that the state has already "taken the worst of the beating" in oil and gas production, related manufacturing and in farming and agri-business reeling from depressed world prices.

"We are probably down to about 50,000 people in the oil

patch, and that is probably where we should be," he said. "We are also at about the same acceptable level on the farms."

"Though the statistics show about 80,000 jobs, most of these people have a city jobs which allow them to continue to farm on the side."

Nevertheless, the shake-out resulting from the oil price decline has been significant — in wages, in property values, in the ability to keep up mortgage repayments, in savings and pensions related to energy royalties.

If the Organisation of Petroleum Exporting Countries (Opec) can firm up an agreement to stabilise the oil price at more than \$15 a barrel, Oklahoma's finances can probably hold up without further serious cuts in public services. Even then, however, the state must diversify, Prof Holmes said.

"But if Opec falls apart, then we are again in terrible shape," he added.

About half of the state's \$4.5bn budget is financed by taxes on oil and gas production, energy-related personal income and retail sales.

Over the past two years, it has had to make big savings on staffing and reduced expansion, while cutting back on services and drawing on reserve and savings funds.

This year it is barely scraping through because of the recent rise in oil prices. Officials are resigned to a budget next year no greater than this year's and possibly less. A renewed downturn in the oil price would make matters worse.

طرق التوزيع



A circuit pack being assembled at AT&A's Oklahoma City plant.

Industry

Welcome for economic crash

FOR THE multinational high-tech industries in Oklahoma, and for some local companies who had the prescience to diversify out of energy-related manufacturing, the state's economic collapse has been almost as good as its boom.

Executives of some top-flight companies are not only basking in Oklahoma's ample sunshine; they are also swimming happily in a growing pool of skilled labour unpolluted by any widespread demand for higher wages.

Mr George Bragg, chairman and president of Telex Computer Products of Tulsa, says: "Oil and gas do not impact on us. We look at global markets, not just at Oklahoma. A weak local economy can be a good time for a business such as ours."

Mr Bragg and other top industrialists stress they are not being cynical. They believe the recession will eventually be to the benefit of the entire state.

The effort to diversify and create new industry will succeed because there is no acceptable alternative, they say. The Oklahoma workforce will accept the necessary belt-tightening and provide the productivity for the state to succeed in rebuilding its economy.

They also believe, with reservations, that the worst of the recession may be past. And they are putting their corporate money where their mouths are.

Telex, which, after losing heavily about 10 years ago in computer peripherals, is once again one of the fastest growing companies in the US and only this month dedicated a new \$30m Tulsa plant as part of its \$100m expansion programme there. The plant will produce some of the company's new products, including its first traditional micro-computer.

Mr Bragg says Telex's move to Oklahoma from California was because of the state's cost advantage. In Tulsa, the turnover in personnel is 6 to 7 per cent a year against Silicon Valley's 30 to 35 per cent. "We were basically losing everybody we had every two-and-a-half years," he said.

"We have a 15 per cent cost advantage over the West Coast or the Boston area. With the kind of people we have in

Table with 5 columns: Headquarters, Revenue \$m, Employees, Sector, and Oklahoma City. Lists companies like Phillips Petroleum, Fleming, Kerr McGee, Williams Companies, Mapco, Oklahoma Gas and Electric, Wilson Foods, Oklahoma Publishing, and CR Anthony.

Research associate: Rivka Nachama.

Oklahoma's productivity increases if you invest in them. There is also about a 35 per cent gain in profitability for doing the same thing.

The future in Oklahoma was going to be far better for most companies. There already was a good cadre of companies in Tulsa such as airlines, information software. "There will soon be a critical mass," he said. "Tulsa has a great future in medical research, data-processing and information."

Hilti, the Liechtenstein world leader in the manufacture of fastening systems for the construction and steel industries, also sees "nothing negative" being in Oklahoma. Mr Georg Rosenbauer, president and chief executive of Hilti's Tulsa headquarters for its north and south American operations, says the economic situation, "while possibly bad for the local community, is fantastic at the moment from our own point of view."

Hilti, which set up in Oklahoma about seven years ago, is also involved in a \$5m expansion programme to triple its office space. And Mr Rosenbauer encourages new companies to move to the state. "There are many advantages—available land, offices, housing, and skilled labour."

Every advertisement Hilti places for professional or managerial staff produces 50 responses from good applicants. "It is uncomplicated. We can

hire locally. During the energy boom back in 1980, Tulsa even had to import machinists," he said.

Hilti decided to locate in Tulsa after a survey of 10 US states. Oklahoma was not first on Hilti's list. "I think it was third," said Mr Rosenbauer, "but the company chose Oklahoma because of an intense courtship by state officials, particularly Governor George Nigh."

And, says Mr Rosenbauer, "the follow-up was as good as the promises." For instance, the state's federal officials smoothed visa applications for managers, while four local school heads turned out on a Saturday to talk with company employees moving in from Cleveland, Ohio.

Hilti, the Japanese industrial group, is among the newest of Oklahoma's recent arrivals. Like Hilti, it attributes much in its decision to build a manufacturing plant in Oklahoma to the efforts of state and local officials.

Mr Shiro Takemura, president of Hitachi Computer Products (America), said his company had surveyed many "good" places in the US for its \$8m plant to manufacture computer disc-drives. It decided on Norman, south of Oklahoma City, after being convinced by the "aggressiveness" of Oklahoma to do everything to help.

Hitachi also placed emphasis

on "character, hard work and diligence" in the work force. Mr Takemura regretted that many young people in Japan no longer seemed willing to work on the shop floor and sought only managerial jobs.

He also compared Norman's land prices of \$2,000 per acre (3.3 square metres) to those in Japan (\$150,000 per acre) and praised Oklahoma's five-year property tax exemption for projects that created jobs. State officials say this could be worth about \$38,000 to Hilti on current plans and possibly more than \$275,000 if, as Hilti has indicated, it doubled its investment to \$12m.

Hitachi was also attracted by the state's Voctech training programme, which provides free training facilities, instructors, textbooks and video material. Mr Takemura also said the speed with which Oklahoma had printed the training materials would have been almost impossible in Japan.

The last time AT&T hired on a large scale, in 1983, it had 8,000 applicants the first day, said Mr Ed Beltram, human resources manager for AT&T's Oklahoma City works.

AT&T has been in Oklahoma City since 1950, and expanded after the great US telephone industry deregulation and reorganisation of 1984. It praises workers at the network and computer systems plant.

Mr Beltram says that this productivity "has during the past two years reduced the cost going into our product against the US standard by nearly 50 per cent in each year."

In 1984, the plant produced 2.4m lines of telephone service, in 1985 it produced 6m and this year is expected to produce more than 7m. "This has happened without anyone added to the workforce since January 1984, when it was 7,000. It is 6,400 now because we have not had to replace anyone leaving," he said.

The plant has been rebuilt on the inside and this year AT&T is spending \$36m to keep its operation "on the leading edge". It has also launched a "Buy it in Oklahoma" campaign with a commitment to increase its planned purchases in the state by \$2m to \$34m in helping develop Oklahoma's high-tech economic base.

WORDS FROM THE WISE.

Multi-National Corporations — and their leaders — speak out on Oklahoma's business advantage.

Smart international companies already know the advantages of locating their facilities in Oklahoma.

Only Oklahoma offers these major corporations the most productive combination of the features they're looking for: central U.S.A. location, plentiful and affordable energy, diversified transportation, low tax/high financial incentives, plus a highly skilled, highly motivated labour force.

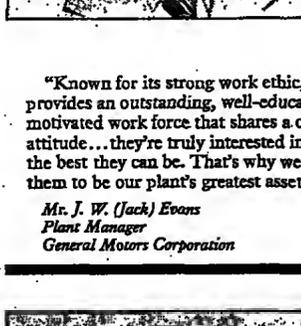
Just look at the big things some of the biggest international corporations have to say about Oklahoma.



HITACHI

"We selected Oklahoma to manufacture our sophisticated computer devices because we were impressed by the tremendous human resources and high value which Oklahomans have traditionally placed on hard work and reliability."

Mr. Katsushige Mita, President Hitachi, Ltd.



"Known for its strong work ethic, Oklahoma provides an outstanding, well-educated, highly motivated work force that shares a common attitude... they're truly interested in being the best they can be. That's why we consider them to be our plant's greatest asset."

Mr. J. W. (Jack) Evans, General Manager General Motors Corporation



HILTI FASTENING SYSTEMS

"Oklahoma's central location and friendly, attractive business climate made sense for our Company. Six years after our move, Hilti has continued to grow and prosper in Oklahoma, and we feel even stronger that we made the right choice coming here."

Mr. Georg Rosenbauer, Chief Executive Officer Hilti Western Hemisphere



"Oklahoma's central location and reliable transportation facilitate fast and easy movement of people and products. We're convinced that Oklahoma is smart — for business, for living, for us, and for you!"

W. P. Swiech, Vice President and General Manager Rockwell International



Make the Smart Move to Oklahoma!

William Hall

Banking

Confidence in system shaken

OKLAHOMA is one of the front line states for regulators trying to maintain confidence in parts of the US banking system which have been hard hit by the collapse of world oil prices.

The state's heavy dependence on energy-related businesses and agriculture have taken a toll on local banks and Mr Leonard Eaton, chief executive of Bancoklahoma Corporation, says local financial institutions are facing the most difficult economic challenge to hit the region in half a century.

The impact of Oklahoma's problems is evident in the balance sheets of the local banks. Banks of Mid-America, the biggest local banking group, lost \$34.8m in the first half of 1986; Bancoklahoma Corporation, number two in the state, lost \$94.5m; and First Oklahoma Bancorporation, which had to be bailed out by a government-backed rescue three months ago, lost \$111.7m.

Dividends have been omitted, managements have been reshuffled and local depositors have become increasingly nervous. This has forced a number of local banks to borrow heavily from the local federal reserve bank. There have been on or two runs on local banks — one of which caused a traffic holdup in the centre of Tulsa — and bank regulators are conscious that events have shaken confidence in the local system.

It is just over four years since the collapse of Penn Square Bank of Oklahoma City signalled that all was not well with some of the banks in the US oil

Top Bank Holding Companies (\$m)

Table with 5 columns: Bank, Assets, Income, % Share Non-performing funds, % of Net charge holders forming total charge loans. Lists Banks of Mid-America Inc., Bancoklahoma, First Oklahoma, Bancorp.

Research associate: Rivka Nachama.

patch. None of Oklahoma's current crop of banks can be blamed for the sort of aggressive energy lending which led to the collapse of Penn Square. Nevertheless, the state's heavy reliance on energy-related business, real estate and farming has meant that several are suffering, and both local and federal banking officials are working hard to maintain confidence.

Probably the most pressing problem has been the need to inject extra capital into the local system to cushion local banks against the heavy losses many face. To this end, in May, Oklahoma passed an interstate banking law permitting the acquisition of Oklahoma banks and holding companies by out-of-state banks.

The law allows non-Oklahoma banks to acquire failing or failed banks immediately and from July 1 next year it permits any bank from outside the state to take over a local bank. However, the law came too late to prevent the collapse of the Tulsa-based Bank of Commerce and Trust Company.

It is one of several local banks to close their doors this year. Fortunately for the local customers it was taken over by First Tulsa, part of Banks of Mid-America, the state's biggest banking group.

Mr J. W. McLean, chairman of Banks of Mid-America, says in his second quarter report that his group's acquisition of Tulsa Bank and First National Bank and Trust Company of Norman, shows that "banking solutions in Oklahoma need not necessarily be in the form of interstate banking."

While Banks of Mid-America is stronger than most rivals, its financial resources are limited. As local banks have shown signs of falling because of non-performing loans, regulators have had to look elsewhere for help.

On July 15, regulators allowed First Interstate Bancorporation, an aggressive Los Angeles-based group, to take over the First National Bank and Trust Company of Oklahoma City, one of the oldest and proudest local banks, with assets of \$1.5bn. This was the second

biggest bank failure in US history and in order to persuade First Interstate to come to its rescue, federal regulators had to pay First Interstate \$72m and take over \$418m of troubled assets.

This might have seemed a high price to pay but when Bancoklahoma Corporation, the state's second biggest banking group, ran into difficulties a month later, regulators decided that they would inject extra-capital into the troubled group rather than arrange a hasty marriage with another out-of-state bank.

On August 15, the Federal Deposit Insurance Corporation (FDIC) and Bancoklahoma Corporation agreed to a \$130m assistance package. The FDIC injected \$90m of preferred stock and \$40m of capital. It also agreed to merge its two main banking subsidiaries and refinance its borrowings with a group of commercial banks. If the group's financial situation deteriorates further, the FDIC will end up controlling most of the main assets.

Immediately prior to the rescue package, the group's Bank of Oklahoma in Oklahoma City was borrowing \$159m from the Federal Reserve and the Bank of Oklahoma in Tulsa was borrowing \$218m.

Moves such as these underline the heavy financial cost that the problems in Oklahoma are putting on both the local banking community and federal regulators.

University of Oklahoma

Norman conquests raise spirit

WHAT the city of Norman knew but wanted to be reminded about was printed in crimson above the title of Sunday's newspaper: "Oklahoma 56, Kansas State 10."

This clean, green, leafy city of 80,000 about 30 miles south of Oklahoma City, embodies much of what is excellent in America's hard-working heartland.

It is also the home of the University of Oklahoma, and, to gain an understanding of a Mid-American state, one could do well to start with its central university, where thousands of the state's young people from a wide cross-section of society are living intensely to the present but aware that they are preparing for an uncertain future.

It would also help to bone up on the university's American football team, often the single most-visible catalyst that binds the people of a state together.

"Let's get this right," said an out-of-work oilfield worker as he queued for a hot dog in Memorial Stadium, where he about 72,000 similarly minded people were gathering to watch Oklahoma trounce Kansas State. OU had been ranked top in the nation until the previous week's loss to second-ranked

Miami but was still listed sixth, and Kansas State had about as much chance of winning as an Oklahoman had of getting \$30 a barrel for his oil.

But the stadium was sold out, and down on the streets of Norman the touts were asking \$175 for a pair of not-very-good \$20 seats for next week's game against the University of Texas, which was also expected to lose heavily.

"Football in Oklahoma is not King, but God," said the oilman as he reached for the mustard pump. "Have you noticed that this stadium is higher than any other thing on campus. That is not an accident. We build monuments to the things we revere."

Dr Frank Horton, the university president, would agree, with some reservations and a tinge of regret, on the dominance of the sport.

"Football is the thing that binds us together," he said. "It sets the university's alumni back. The spin-off to the university's serious projects is enormous. People often contribute for emotional reasons, not the intellectual ones."

Around Dr Horton, in Oklahoma Memorial Stadium's privileged midfield lounge seats, sat middle-aged members of established banking and success-

ful oil, together with a clutch of award-winning students wearing campaign buttons on their dark, neat suits for Republican candidates in the forthcoming state elections.

Overhead, circling airplanes were trailing similar messages for both Republicans and Democrats, along with where to buy a Buick and where to get a steak or Cajun seafood after the game. Whenever 72,000 people are gathered together in a state of only 3.3m, it is no bad place to advertise.

"This year Oklahoma will be on network television five times, with an audience of maybe 30m," Dr Horton said.

"What I am concerned with is the 30-second spot during the game on national television. He was working on the university's 30 seconds for next month's nationally televised Nebraska game. This would be in conjunction with the launch of the university's \$100m fundraising campaign to coincide with its centenary. It was founded in 1890, when the state was still only frontier territory.

"While we are pleased to reach so many people, it is unfortunate that we have only 30 seconds. The university is so much more than just football. Not only does it educate the people's children, it can help

solve problems for the state and local communities. For example, its planners and architects can help redesign their downtowns.

"The university is a Mother Hen. The people adopt it. They like to be associated with what they see as a fine education. They like their tax money to go towards upgrading their lives."

The university, like almost every other institution in the state, private as well as public, is also heavily involved in the attempt to wrest Oklahoma out of its economic crisis. It has just established the Office of Business and Industrial Cooperation to provide a window on OU's services, such as business planning and advice on marketing and the raising of capital.

The office is also designed to help attract industry to the state. Some services are free if information is already available, but can also be on a contract basis if original research is required.

The university is also expanding its medical research activities under a new University Research Organization to test drugs and medical and dental devices and develop a centre for pharmaceutical research. Despite the lack of sufficient and stable state funding



The football team's "No. 1" sticker

for research, the university now brings in almost \$50m annually from funded grants and contracts," says Dr Horton. "That's our economic worth in research alone, leaving out any multiplier effect. Its clean industry and it brings bright people into the state."

Down on the field, the university was parading some more of its statistics. There was a ringing announcement over the public address system—"Ladies and Gentlemen, the 1986 Pride of Oklahoma!—and the 304-strong university marching band entered the arena, belting out its Boomer-Sooner fighting song.

There were dozens of marching flags, hundreds of crimson and white balloons soaring into the air over the flat stretches of Norman, pom-poms quivering over their cheerleaders and, among it all, the darting in and out of the Sooner Schooner, the team's mascot, a covered wagon drawn by white ponies.

The excitement was enormous but palatable. It was mid-American enjoying itself, family-style. The band launched into a pulsing arrangement of the show-tune Oklahoma, and nearly 72,000 people (less the relatively small K-State contingent) were on their feet, rocking the stadium with thunderous applause.

Americans, especially mid-Americans, are prone to leap to their feet whenever they like something or are excited, and when these emotions are combined, as on "Game Day," there is almost as much leaping up and standing as there is sitting down.

Earlier in the day, in the hall-room of the university is student union, 300 alumni—no doubt some of whom figured prominently in the game programme's 20 pages of tightly printed donors to various university projects—were, after downing a big prime-rib lunch, on their feet a lot.

They gave a standing ovation to Segrid Zhang, a student from

Peking, for a ripping performance of the Voices of Spring aria from Johann Strauss's Die Fledermaus. Another came for the melody of tested show-stoppers performed by the Broadway Gala, a university glee club and orchestra which, in addition to US-wide engagements, regularly tours Europe under the direction of Professor Irv Wagner.

Dr Wagner told the alumni that they often read in their newspapers the bad things that happen at university. But today they were seeing the good things, from working with "these fine people" standing in front of the spotlights. He wanted to end the show with something "a bit patriotic."

This turned out to be God Bless America and the Battle Hymn of the Republic, and the alumni were on the feet again, where they remained, clapping, for a reprise of Oklahoma itself.

President Horton made an appearance and told the alumni that what they had heard was the kind of talent they had at this university. The performers represented everything from art to zoology.

"Now, I want all of us to go down and sit in the high seats in case the water comes up..." he said in reference to Oklahoma's recent floods, "and see OU defeat Kansas State."

That, of course, is exactly what the football Sooners did, and Oklahoma as a whole went home happier.



SPENCER TILLMAN, a 22-year-old star running back from Tulsa who will receive a "degree" in broadcasting this year is confident of his future either as a professional footballer or sports broadcaster. He will stay on the field if he can continue to impress the professional scouts for the big teams.

But he has had discussions with the CBS national network and had "several offers" at home. "The economic situation (in Oklahoma) is a little bit

dismal right now, but if you understand how much football is a way of life to a lot of people here, you will understand that there will always be an interest in the sport," he says.

"Football is to America what soccer is to the English. There is always going to be a need for people to be involved in it, which means job opportunities for people interested in sports journalism."

"The negative aspects of the economic situation probably won't affect my interests. But prospects for some of my team-mates will vary, like for Paul (Higginson), who is a graduate student in business administration. The financial situation might affect him."

Tillman went to the university from Tulsa's Thomas Edison High School, where his football skills gained him athletic scholarship offers from "about every university in the country." "But I always wanted to come here, being basically a home boy."

Eventually, despite two careers already planned, he will enter a religious ministry, whether that means attending a seminary or not.

His family is very religious. "Well, I don't like to say 'religions' because that means strict rules and regulations. But we are very spiritually orientated."

Business Guide

GOVERNMENT Oklahoma City; Post Code: OK 73105, Tel Area Code: 405.

Agriculture: Jack Craig, President, Dept of Agriculture, 2800 N Lincoln, 521-8808; Banking: R. V. Empe, Commissioner, Banking Dept, 4100 N Lincoln, 521-2783; Industry: James Townsend, Chairman, Corporation Commission, 2101 N. Lincoln, 521-2164; Bob Funston, Director, Employment Security Commission, 300 Will Rogers Bld, 521-3730; John Baker, Loan Officer, Industrial Finance Authority, 6601 Broadway Extension, 521-2182; Taxes: Robert Wadley, Chairman, Tax Commission, 500 Connors Bld, 521-3211.

Transport: V. O. Bradley, Director, Transportation Dept, 200 NE 21st St, 525-2797; Water: James Barnett, Director, Water Resources Board, 1000 NE 10th St, 271-2555; Tourism: Abe Hesser, Director, Tourism and Recreation Dept, 500 Will Rogers Bld, 521-2413; Commerce: Francis Tuttle, Director, Dept of Commerce, 6601 Broadway Extension, 521-2401; Training: Hank Jacobs, Coordinator, Industry Training Program, Vocational and Technical Educa-

tion Dept, 6601 Broadway Extension, 521-2161.

CHAMBERS OF COMMERCE Oklahoma: Richard Rush, President and Chief Executive, 4020 N Lincoln, Oklahoma City, OK 73105, (405) 424-4003; Oklahoma City: Edward Cook, President, One Santa Fe Plaza, Oklahoma City, OK 73102, (405) 278-2900; Tulsa: Clyde Cole, President, 618 S Boston, Tulsa, OK 74119, (918) 585 1201; Norman: Jeff Davis, Vice-President for Economic and Community Development, PO Box 982, Norman, OK 73079, (405) 321-7260; Lawton: Jay Casey, Executive Director, PO Box 1376, Lawton, OK 73502, (405) 355-3541; Stillwater: John Fowler, Executive Vice-President, PO Box 1687, Stillwater, OK 74074, (405) 372-5573; Enid: Michael Michalski, President, PO Box 806, Enid, OK 73701, (405) 237-2494.

BANKING Oklahoma Bankers Association, Robert Harris, Executive Vice-President, 643 NE 41st St, Oklahoma City, OK 73105, (405) 424-5252.

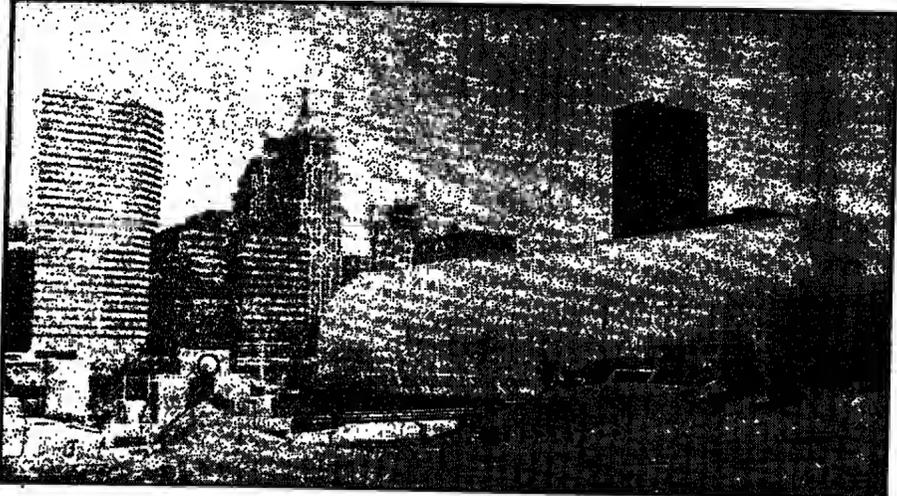
MORTGAGES Oklahoma League of Savings, 658,

and Loan Association, Michael Lee Tolson, Executive Vice-President, 6801 N. Broadway, Suite 110, Oklahoma City, OK 73116, (405) 843-5759.

EUROPE London: Robert Jenkins, Morgan Grenfell & Co, 23 Great Winchester St, London EC2P 2AX, England, 588 4545.

FAR EAST Japan: Masahiro Echigo, Century Research Centre Corp, 2 Nihombashi-Honcho, 3-chome, Chuo-ku, Tokyo 103, 665-9600; Cullen Berry, Morgan Grenfell (Tokyo) Yuraku Cho, Denka Bld, N-14F 7-1, Yuraku Cho, 1-chome, Chiyoda-ku, Tokyo 100, 214-6571; Hong Kong: Keith Howlett, Morgan Grenfell (Hong Kong), 913 Hutchison House, 10 Harcourt Rd, Hoog Kong, 215-293 or 236-117; Singapore: Fu Hui, Morgan Grenfell (Singapore), 36 Robinson Road, 12-01 City House, Singapore 0106.

SOUTH ASIA New Delhi: Mrs Kella Durcharan Singh, Delhi India, E-16 Defence Colony, New Delhi 110024, India, 621-917 or 670-1100.



The Botanical Tube is a landmark in central Oklahoma City

OKLAHOMA

Our Central Location Can Put Your Business In The Centre Of Attention.

Oklahoma. The geographical centre of the U.S.A. The 'buckle' of the American Sunbelt region. For manufacturing, industry, high-technology. There's not a better business climate than Oklahoma. For distribution, networking, logistics. There's not a better business location than Oklahoma. Two major metropolitan hubs. Warm climate, 300 days of sunshine annually. Friendly, hard-working people. Plenty of room to start-up business. To build. To grow. To succeed. Put your business or industry in the middle of a new profit picture. Come to the centre of it all. Come to Oklahoma.

Locating Your Industrial Site Should Not Be A Taxing Experience.

Oklahoma. Our industrial attitude has never been more favourable for business. New financing incentives. Long-term. Low interest. New tax incentives. Exemptions. Credits. Laws that leave industry with a tax break—not tax broke. Five percent corporate income tax rate. No unitary tax. Five-year property tax exemption. Sales tax exemption on products exported from Oklahoma. Sales tax exemption on machinery, equipment used in manufacturing. Free port tax laws apply. Even an investment tax credit for jobs created. Uncomplicated tax laws. Realistic. Favourable. Get a better return-on-your-investment. Come to a less-taxing business situation in Oklahoma.

Air, Land, Water. Put Our Abundant Natural Transportation Resources To Work.

Oklahoma. At the crossroads of American commerce. Plentiful, dependable transportation. Air, Rail and truck. Water too. Easy access, import and export. Whenever, whatever, wherever you need it. Oklahoma-based transportation is going your way. Modern, major super highways. Four principal U.S.A. highways bisect Oklahoma. Dozens of over-the-road carriers. Intercontinental, interconnecting rail systems to all major U.S.A. cities. Thousands of miles of rail service keep cargo on the right track. Inland waterway system. Two major ports represent Oklahoma's \$100 million-plus investment. Navigation channel connects Oklahoma with the Gulf of Mexico and the world. Air service and facilities are modern, convenient, international. Over a dozen domestic and worldwide carriers. Transportation. Air. Land. Water. It's a total system that works together. Works on schedule. That works better in Oklahoma.

Oklahoma's Work Force: A Booming Business Without Labour Pains.

Oklahoma. An outstanding, well-educated, hard-working labour pool. High motivation. Low unemployment. High enthusiastic. Extremely educated. Exceptional labour-management work ethic. Strong Mid-American work ethic. Work stoppages in Oklahoma less than national average. Your business won't lose time or profit. You won't lose sleep. Oklahoma's TIP Program is the finest training of your work force. You provide the job specifications and reap the benefits. Harder workers. Smarter workers. Better workers. Oklahoma workers.

For more business and industry facts about Oklahoma contact: Bill Maus, Director, International Division, Oklahoma Department of Commerce, 6601 Broadway Extension, Oklahoma City, Oklahoma, U.S.A. 73116 Telephone (405) 521-2401 Telex 350352.

Robert Jenkins, Assistant Director, Morgan Grenfell & Company, Limited, 23 Great Winchester Street, London, EC2P 2AX Telephone 01-588-4545 Telex 886815.

Oklahoma Department of Commerce

طرق النقل



Jonathan Sale brews up a consumer's guide to witchcraft with a human face

Every witch way to conjure up magic

WE ALL have to start somewhere—and that goes for witches, too. "Female beginner," wishes to learn witchcraft from white witch in Glasgow/Strathclyde area, writes Ed. No E552 of the latest issue of Prediction magazine. I think I can be helpful to Ms Ed52 by referring her to Box Number E550.



Gargoyle at Knebworth House

"Coven based in North Wales seeks people to be guided through the Craft". All our Glaswegian has to do is fill the tank of her kromenstick, and she'll be home by cock-crow. Falling that: "Overnight accommodation available."

Finding a quorum with whom to celebrate Halloween's next week is easy. A male white witch in Bolton wishes to meet similar. Eddie, a trainee occultist, seeks instructor in Brighton area. And "Refined, educated Libran magician seeks female occultist for platonic magical partnership."

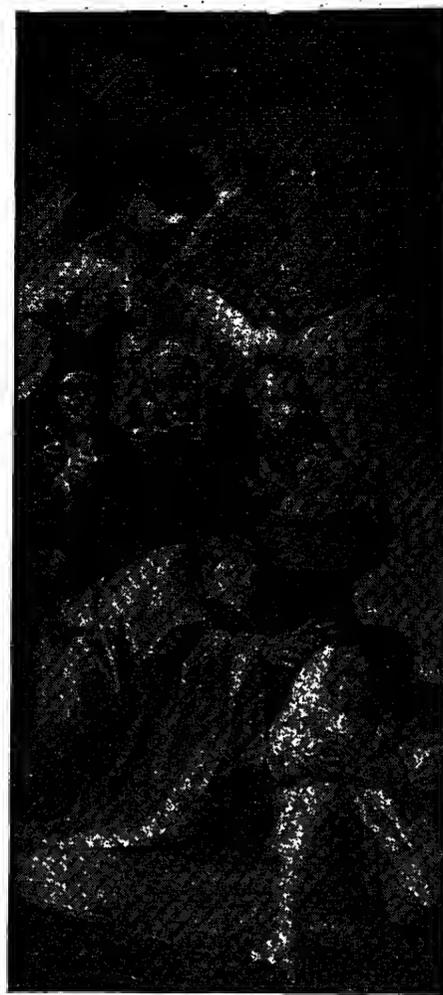
Rossanna's more desperate: "She-goat occultist desperately seeks small retail premises, sale or rent, for The Gypsy Box curiosity/occult shop." When she finds somewhere to hang her black pointed hat, she will discover that business in occult sundries is booming. You don't have to be psychic to realise that the demand is there.

Most of us without "coming out" in a coven, have fascination for the supernatural however much we disbelieve in it. For the general spooky reader Simon Marsden wrote and photographed The Haunted Realm—Ghosts, Witches and Other Strange Tales (£12.95, Michael Joseph). Out next week, this consists of magnificently melodramatic pictures of castles, chapels and ruins where things have gone bump in the night, and scares the hell out of the average rationalist. To a hard-core stansit, of course, hell hath no fury. They can take it. A recent survey suggested that their numbers have doubled in the past five years, now totalling 1,500, with 30 buildings for worship, or whatever it is they do in it. Between the rationalist and the devil-worshipper come the serious students of white witchcraft (Wicca), who outnumber the Lucifer lunatics many times over. They obtain their magical supplies the yuppie way, by mail order.

NOW," recommends The Sorcerer's Apprentice, situated at the more mystical end of Leeds; "25,000 clients can't be wrong." The shop does a very reasonably priced "Image Doll for love, hate, cures and curses," only £3.97. Crystal balls—please slate if three, four or five-inch model—come at £32.79, while "magical robes," high fashion for the High Priest, set you back £46.87.

If that doesn't deter the dilettante, the price of the "sword of power" certainly will. This is guaranteed "Solomonic style," which may go some way to explaining why it costs £49.57. It might be better to start with the "Solomonic wand" at £7.47, a bargain, especially since it comes "with sigils"—magical marks—as standard fittings. An "automatic writing planchette" for those times when you want the next world to put it in writing, sets you back £11.97.

Don't forget that vital spell, put it down on "sheepskin parchment," £3 from Craefte Supplies of London SW12 (late opening Thursdays). All your pagan products are here, including "seven-knob wishing candles" at £3.95 and "pre-ritual purification bath oil," £2.25, for the wizard who, while worshipping the Horned God, does not want to smell like an old goat. Craefte does not make a big thing of robes, emphasising instead its occult T-shirts. On close examination, these turn out to bear somewhat irreverent messages. "Witches Do It in a Circle," they proclaim, and "Give 'Em Hell!" As the psychic suppliers would doubtless agree, you need a sense of humour in this game.



Detail from Witches' Scene, by Goya

Wine

Get in the queue for 1986 clarets

GOOD NEWS is not always welcome and the fact that Bordeaux has produced another very large, successful vintage this year may not please claret drinkers everywhere. How good it is cannot be determined even initially until the wines in the vats have finished their first fermentation but 1986 will not be a year to be written down on the vintage charts. In the vintage comparison game common in Bordeaux at this time of year, 1978 and 1979 have been mentioned, though in reality no vintage is closely like another.

Prospects did not start that way. The winter was very cold, with much frost, and the spring was both late and wet. However, the sudden emergence of hot weather in June led to a rapid vine flowering, with little or no coulure (no grape formation) or millerandage (the swelling of the grapes). July and August were warm and the driest in 35 years; a drought that could lead to hard skins and too little juice. But September opened well, though there were some very wet days that caused particular concern in the Sauternes, where it was welcome only if there was no more rain.

The results of a Sauternes vintage are particularly hard to predict as the picking may continue until the end of November. Last year it eventually turned out better than I was able to suggest early in October, especially for those who had the courage to pick late. On present showing the 1986 Sauternes should be good; also the dry whites where a very large crop was brought in, notably in the Graves.

The red wine pickings of the more important properties began in the first days of October, with the very big

harvest of Merlot picked quickly, and followed by a pause for the Cabernet in order to secure a higher sugar content and a lower acidity. 1986 will probably be considered a Merlot year, whereas 1983 was a Cabernet one. The quality of each estate's wines may depend on whether they reduced the crop by summer pruning, particularly the Merlot, and whether next year for their grand vin they make a very strict selection among their numerous vats.

This year, however, the question is not so much concerned with the quality of the claret vintage as with its price. First, because 1986 is but the latest in a run of good years that essentially began in 1978, with only 1980 and 1981 discounted; and they too were by no means so indifferent as initially stated. There is a great deal of wine of the other seven vintages lying around all over the world or, in the case of the 1985, awaiting bottling in chateaux cellars.

Some in Bordeaux argue that as the 1985s sold so well, so should the good 1986s. Yet the 1985s, followed by the 1984s, moderate to good in the Medoc and Graves, but disastrous in St. Emilion and Pomerol; whereas the 1986s follow the superior 1985s. Moreover, the unparalleled succession of successful years may make many believe that in the Gironde nature has been conquered, so why try out money for the more widely known 250 estates' wines when their prices are released next spring?

Why not revert to the traditional practice of waiting before buying until the wines are not only reliably tasted in bottle? This argument may be reinforced by the distinct possibility that prices of young

Bordeaux has produced another large and good vintage but Edmund Penning-Roswell urges buyers to wait a little



vintages may not rise as they have in recent years and could even fall, thus reducing the likelihood of at least a paper profit for early buyers.

Further, the price pattern of the classed growths and some crus bourgeois has been dislocated by the unjustified price rises of a number of 1984s. Not, it should be said, of the first growths, already high enough at FFr 170-180 a bottle. These rises were largely the result of the "knock-out" tradition peculiar to the upper ranks of the Bordeaux hierarchy. If the proprietor next door is putting up his/her price, then his/her neighbour does so too; more for prestige than profit, which anyhow is taxed at 50 per cent. Moreover, the Bordeaux trade had to accept the 1984 allocation prescribed for them by the estates or lose their places in the 1985 queue. So there are large amounts of currently unsaleable 1984s lying in and around Bordeaux.

came out most of the proprietors who had increased their 1984s offered the new wines at the same price—except for the first growths, which rose to between FFr 200 a bottle (Lafite, Margaux and Mouton-Rothschild) and FFr 223 (Cheval-Blanc). Also Léoville-Las-Cases increased its 1985 price from FFr 110 to FFr 140, double the price of the 1982s. Such a price should be compared with some of its less competition minded neighbours: Léoville-Barton (FFr 62), Léoville-Poyferre (FFr 68) and Beychevelle (FFr 92).

Nevertheless, such was the early reputation and publicity for the record quantity 1985 clarets that they sold very well in Europe, particularly in the UK and France, not only to the trade but to the ultimate consumers. This has been less the case in the US, the most important market for the classed growths. The big importers bought, like the Bordeaux trade, to keep in line. But they have had less success in reselling their wines. And there are even stories in Bordeaux of substantial order cancellations.

So the demand prospects for the 1986 clarets are already mixed. The leading wines can always find a market among those who buy by name or label. In any case they have made so much money in recent years that they can afford to wait. This is less the case for the other crus classés and crus bourgeois; these who think that there have been enough recent good vintages already might be encouraged to buy first offers. This is because an informed view in Bordeaux is that after two record crops the vines will be tired, and so 1987 will be a poor year. If so, few will regret it.

France. But one-third of red Bordeaux is exported, and is now faced by steep falls against the franc in the very important US and UK markets. In 1985-86 we were first in volume with 16.4 per cent of the total, and the US were third in volume with 13 per cent, and first in value. It is highly unlikely that these markets will buy the 1986s at the same level as the generally considered over-priced higher echelon 1985s.

Yet the leading 100 or so proprietors are likely to resist reducing their opening prices, owing to the loss of prestige implied and their belief that their wines will then be thought less good. But this was forced on them without such side-effects in the mid-1970s slump, when the 1978 first growth opening prices were little more than half those of the ill-fated 1972s. Such pressures could occur again.

Most of the Bordeaux merchants are saying now that prices must come down, anything between 15 and 25 per cent and this is echoed strongly by likely importers here and in America. There are some, though, in Bordeaux who fear that a cut in 1986 prices would make it difficult to sell their existing stocks, particularly the 1984s.

None of this is intended to disparage the likely quality of the 1986 clarets. Given reasonable prices they should find buyers all down the line. Then those who think that there have been enough recent good vintages already might be encouraged to buy first offers. This is because an informed view in Bordeaux is that after two record crops the vines will be tired, and so 1987 will be a poor year. If so, few will regret it.

TO HAVE a few vines outside the garden for the pleasure of tending them, for their decorative effect in the spring, summer and autumn, for their ability to cover the unsightly, for the grapes and for the free wine would seem to be the most obvious and natural adjunct to any garden or allotment south of an east-west line through the Wash—or even higher.

Yet their garden potential in this country is still almost unrealised. I cannot see why. My present "vineyard," 600 feet up in chalk hills, in the Hampshire/Wiltshire borders, measures only 12 by 24 paces. Had the '85 season not been so extraordinary (we all need a setback once in a while) for future to assert her authority I would have made more than 200 bottles. We made only 60. Should one or two "normal" years be in the offing, we will reach our full capacity of 300—enough for the house, presents and barter.

Grade down this area by half (12 x 12 paces=150 bottles). Now make it 8 x 12 paces, which should supply 75 bottles. From these figures you will discover the potential of your plot. "Instant" is not a word that is understood by nature.

"Patience" is. So, having started your own cuttings or bought rooted cuttings, expect to wait for three years to see the fruits of your labours—and not too many of them then, either. Yet, once established, the vines will become an object of wonderment and jealousy.

Where do we start? Having planted the vines in the late autumn or winter, there will be three years to prepare for the vineyard structure and winery kit. So there is no rush. But the first move is to get those vines into the ground and protect them from winter-nibbling animals.

What variety should we grow? A single kind that will be ready to harvest and vinify at one time will be more satisfactory than several. These will increase the workload by needing different treatment and vinification times. Far too many sprays are being

used on commercial vines. The "domestic" grower, with the element of "chance" on his side, has the advantage of keeping



rule, to bulk-up output in a blend. Muller Thurgau makes a good wine as any in this country (on its day, far better than the same wine made elsewhere in the world). It is a strong and easy wine, but, sadly, prone to mildew in some weather. Having kept this variety clear of both mildew and rot for many years, with Bordeaux Mixture and Wettable Sulphur, I bravely hope that, with an "ecological" approach, they will accept a moderate amount of disease as a natural part of their existence.

I believe that we are able, in this country, to make excellent white wines. But I feel that the making of good red wines should be left to those in sunnier climes. Anyhow, the red grape with the best reputation as healthy wine-maker is, at present, Triomphe d'Alsace. As a beautiful "coverer" and prolific producer uniquely distinctive grapes for eating and wine (not always appreciated), the Strawberry wine is worth considering.

How about the site? A sheltered, gentle, southern-facing slope on chalky soil is about the ideal. But the vine is a surprisingly tough and barmy creature and will tolerate most conditions except for soggy soil around its roots. The quality of land is unimportant. A little compost, perhaps, each year will keep the vines bappy. And after the first year in position (for rooted vines), when watering will be necessary in a dry spell, the vine will find its own water supply—sinking its roots up to 50 feet.

The number of vines required will depend on the plot size and pruning methods used. But 120 vines within 12 x 24 paces would seem to be the maximum for easy management and basic equipment. Structure, pruning and vinification come next. James Page-Roberts is the author of The Best Wine in the Super Market (Foulsham & Co, £2.50), a survey of where to go and what to choose in quality wine at bargain prices.

Gardening

A circle of bad taste around the border

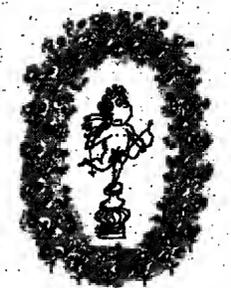
"WHATEVER is happening to English gardening?" a visiting couple asked me recently at Wisley. We were standing in that enclosed garden at the far end of the long central canal. Behind the enclosing hedges the garden has been split into formal beds, each packed with bedding plants. "We left New Zealand," they explained, "to escape this sort of riot."

It goes without saying that Wisley's bedding plants were admirably grown; there were no weeds, no rust, no mildew. However, they made a curious mixture of colours, hard reds and lemon-yellows, oranges, purple-brown leaves, silver-grey foliage and variegated blotches. They were also a curious mixture of shapes. Tassels dangled among balls; stiff little spikes emerged from feathery leaves and sopping, open daises. It was bedding with a vengeance: some of my old betes noires have acquired new vigour and new variations.

You can now buy a wretched Célosia called Red Fox: its drooping plumes of flowers look like red-brown pine "clemsers," not the healthy, animal brush of what a farmer recently described to me as a "bushy-tailed job". Matricaria Golden Ball has never had much in its favour, but the new Hibiscus Comptones is of a piece with it. It makes an open branching plant with leaves of that brown colour which confuses up orange companions in a park bedder's mind. Sure enough, there were orange Rudbeckias to go with it, yards of silvery foliage, some gawky Abutilons with variegated leaves and a novelty red Salvia called Cleopatra.

How could I apologise for it? Should I have enlarged on the gap between public and private gardening in England, although Wisley is no ordinary public garden, but the haven of gardeners from all over the world? Perhaps it was time for the longer perspective, explaining how the styles of English gardening have split since the 1870s.

Cottage gardening, the working man's style, has soared up the social scale: formal bedding-out was the art of ducal parks and great formal gardens, but it has since been rationalised, it is kept



Nick Baker

alive at ratepayers' expense by public authorities, local councils and bodies who do not have to pay directly for their own hot-houses. In the 1980s, we have privatised a few Mts and pieces, but until someone privatises public gardening, we will have to explain away the Carabiniere Salvia and Marl-gold Lemon Drop.

Or is it only the art of a lingering minority? Here we were at Wisley, but for some while, you have been able to see something very similar at Kew. I catch a growing note of sympathy among the experts. Time has sanctified the stripes.

Robin Lane Fox laments the explosion of harsh colour in the enduring, yet artless development of formal flower beds

and segments of formal bedding; outrageous colours have gained Victorian charm; who is to say that a roundabout of French marigolds with green bollards of the dreaded Kochia is not a sign of urban uplift and municipal cheer? In the Swindon community swimming pool you can read posters proclaiming that Avon has been bedding out more than 100,000 marigolds this summer.

My local Oxford has gone mad with some truly awful wedges of

florant begonias and so many vibrant banging-baskets on white poles that Broad Street looks like an esplanade. We must, it seems, have Floral Britain and Britain In Floral, Flower Festivals and Flowering Festival Cities. Catch the Judges' eye with another 100,000 Cherry Tart Petunias and your town council might win a prize on the Blooming Circuit in a self-perpetuating circle of bad taste.

Bad, indeed, it is, whether or not it was practised a hundred years ago or tolerated by Trollope's Duke of Omnium. To be specific: the colours are too harsh for each other's company and are ill-suited to the intermittent light of an English summer. Plants offer so many contrasts of shape and form, yet the crude dotting of one bright colour in a sea of flat Tagetes does nothing to exploit their scope.

This style is a chance for technique, not art, and perhaps that is why it endures. It is no easy matter to produce a level row of begonias and grow fluffy ageratum to fill a hundred square yards. When these plants are grown exactly, they behave like obedient soldiers and line themselves neatly in ranks and squares. They are so bright that you cannot miss them and they look as if they have required continual work.

I wanted to say that Wisley was trying to be representative, that some English gardens did adhere to this sort of planting and that it was only fair to give it a display. But was this apology true? Without too much difficulty, you can drive around England and still see nothing but harsh vermilion roses and blinking orange marigolds. In 1870, the great William Robinson asked why such gardeners did not simply paint their flower beds and save themselves the bother and expense. His trade has not carried all before it.

"English gardens," I began to explain, "do not all practise English gardening; like so many famous styles, it is still regarded by many of its own countrymen." The visitors looked disappointed: New Zealand, they answered, is just the same, and they moved on, regretfully, to see what reconstruction had done for the rock garden.

Arthur Hellyer shows how careful buying of trees and shrubs can produce a fine contrasting display

Riot of colour among the evergreens

A RE-ARRANGEMENT of part of my garden has given me the opportunity to try a modest colour scheme using the foliage of trees and shrubs.

There were already several well grown plants of Thuja Rheingold in the area and also a plant of Juniperus Strydomii, some of which could be left where they were and others moved to more suitable places. So with this old gold and blue-grey combination as a starting point, I decided to bring in lighter yellows and some purple all with one exception, broad leaved.

The exception was the Sawara cypress named Piliifera Aurea, a plant which I constantly admire in other gardens but have never had in my own. Nor at the outset, had I any thought of bringing it into my new planting since the colour is more ardent than I had in mind and, anyway, I had enough conifers already.

But there it was in the garden centre looking so attractive and so reasonably priced that I could not resist it. I imagine that many garden makers are seduced from their original intentions in similar ways and probably their gardens are none the worse for it. However, I have to admit that of all the plants I bought, Chamaecyparis pisifera Piliifera Aurea is the only one that has already bed, two different places and may well end up in a third.

I am not one of those who believe greatly in paper plans and most of my arranging gets done on site, with the plants stood around where I think they should be and then moved about if I do not like the look of it. I also set out to buy two purple-leaved trees, Prunus pissinensis, said to be a hybrid between the purple leaved plum and an apricot, though I have never entirely believed this, and also that very good purple leaved form of Norway maple, Crismon King.

I got both without difficulty, very nice well grown plants. But I also came away with a third that I had not planned for, the ornamental crab apple, Royalty. Again it was the plant that sold itself. It looked so good that I could not resist it and that piece of weakness has turned out bet-

ter than I deserved because the balance of three purple trees looks better than the balance of two which I had in mind.

The two yellow deciduous trees I wanted were Gleditsia Sinburst and Acer negundo Auratum. I chose the golden honey locust rather than the more popular Robinia, Frisia, partly for its smaller, more elegant leaflets but also because there are already a couple of Frisias in other parts of the garden. There was no difficulty in buying a nice gleditsia tree but all manner of difficulty in finding the yellow leaved maple, which no one seemed to have.

In every garden centre I visited was Acer negundo variegatum, the light green and white



maple that used to be in half the gardens of Britain, or so it seemed, until A. platanoides Drummondii took over as number one. I did not want either of these as one is too pallid and the other too aggressive for what I had in mind. Acer negundo Auratum, with its greenish yellow leaves, was just right but where to find it.

I was assured that stocks had died in the last two cold winters or that October was a most unsuitable time to be planting purple-leaved plants, that they did not stock it and never had. Then I remembered Perrybill at Hartfield in East Sussex, telephoned and found that they had year old plants virtually unbranched but that suited me well. Young trees invariably settle in more readily than old ones and usually outpace them after a few years. That was half the reason for the success of the tree planting at the Stoke-on-Trent Garden

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DIVERSIONS

City-City-Bang-Bang: shops and services

AS THE City limbers up for Big Bang, a host of smaller players have been pouring in, wondering what, if any, were the pickings to be made.

As the City prepares itself to meet the needs and markets of the late 1980s, so the demands of the people who work there are changing. For many of them today the world is their playground and their office. Heathrow and JFK are as familiar to them as Mansion House and Cannon Street. They've sampled the metropolitan chic of New York, the charms of Paris, the sophistication of Milan. Dickensian ways will no longer do.

offices presented rows of sober suits, today there are skirts and pussy-cat bows, high-heeled shoes and wafts of Shalimar coming from behind the screens. The salaries may be high but the hours are long. No longer can a partner in a stockbroking firm saunter down to the West End in his lunch hour to buy a suit, ponder on a picture, or toy with a steak. What he needs, what they all need, is everything on the doorstep — and if possible at the office desk.

Some people have seen the future and decided to meet it full on, but as yet there are too few. Slim Jim's (01-247 9982) and Cannon Sports Club



(01-288 0101) these days open their keep-fit facilities. American-style from 7 am to 10 pm. Corney & Barrow and Duff & Trotter have revolutionised the food scene, Next and Austin Reed's Options (in

its Cheapside branch) have brought a little feminine glamour to the streets. New & Lingwood, Gieves & Hawkes and a few other city firms are making it easier for a chap to buy "the kit" within a few paces of his office door, and there are a host of itinerant shirt and suit salesmen prepared to come to the office desk. But a girl on a five-figure salary has to make it to the West End for the kind of designer clothes her salary can buy.

The lawyer or merchant banker who is working on deals until midnight has to deal the body with pub meals or a hamburger. Where are the laundries and the dry-cleaners.

prepared to collect and deliver from the office desks? There are some barbers and shoe-shine boys who clean up in a few of the more prosperous offices but as yet not enough.

There are still too many shops relying on old-fashioned charm and a backlog of tradition who haven't come to terms with the fact that life has changed.

But there are some honourable exceptions. Some who have moved with the times and attempted to provide what Nick Stanley of Corney & Barrow calls "better and more relevant service." Some of them are listed here.



Coates Caff, left, where yuppies lunch for £5 all-in, pick up a "breakfast-in-a-briefcase" from 7 am onwards or drop in for early supper up to 8.30 pm. Right, the Duff & Trotter style.

Duff & Trotter 13-15 Leadenhall Market EC3 and 47 Bow Lane EC4

AN ARMY goes to war on its stomach, goes the cliché. Well, over at Duff & Trotter, food and wine merchants with two branches in the City, they are well able to reach for the City's dependence on that essential part of their anatomy. They feel quite sure that without their vital service, Big Bang might well have turned out to be little more than a whimper.

As two branches are geared not just to providing the fuel for intellectual effort but for the social part of a private life. Many of the upwardly mobile merchant banker rushes in his lunch-hour with the cry "Oh, my God, I have got a dinner party, what do I do?" Out came the Duff & Trotter frozen foods, beautifully supplied with what Louise Bland, Duff & Trotter's director, calls "Noddy Guides."

The City Man does not like to do without his breakfast (not that I'm suggesting he should) so Duff & Trotter obligingly opens its Leadenhall branch at 7.30 am so that all those dealers needing to be at their screens by 8 am can pick up a crissant (or charcuterie for the foreign bankers) and a glass of peach nectar on their way in.

For a real insight into City Man, Duff & Trotter's sales staff are the people to talk to. City Man, it appears, is addicted to chocolate. He simply is unable to walk past a chocolate brownie. He, unlike his female counterpart, buys chocolates for himself, for his nearest and dearest, for his weekend hostesses... he buys chocolate whenever he sees it.

Solutions 27 Cathedral Place EC4

WELL WITHIN the official square mile that forms the City but nonetheless a little off the beaten track for the underwriters at Lloyd's, the insurance market, and most of the merchant banks, it's an address well worth taking note of (as indeed, are the City workers already have). Solutions is the place to go when you need an urgent

present, when you've forgotten that it's the birthday of your nearest and dearest, when you need to take a house present for your weekend hosts. There's always a nice collection of glass and pottery, of cards and candles, but there are a few special services that even people working outside the City's limits might be interested in — it sells a good range of tableware (framed Denby or Worcester) and has a potter on tap who will make ceramic handles to Sheffield cutlery in any colour customers choose, thus enabling them to match the dinner-service exactly. Prices are £7 a single piece, £48 for a seven-piece single table setting.

English Tailoring for appointments telephone 0277-229179 or 0277 223648

QUICK to see the way the eagle was crumbling in the city were Stephen Williams and Ray Roberts who run English Tailoring. I've written about them before and anybody worried that their arder books are over full can be reassured that they have already taken on more staff and are training more people as fast as they can. English Tailoring makes handmade suits but comes to your desk with swatches of fabrics and a measuring tape. They started by offering as good value as possible but fanned several customers a little snuffily over prices as low as £300 to £480 — if that's what you want, they'll make you a cashmere suit for £700 to £800. Being bespoke and made by hand, this takes a little longer than Manley Laird — about two months from start to finish.

Workshop Clothing for appointments telephone 01-551 3475

AT LAST a little help for the growing band of women in The City. Workshop Clothing started life by offering to sell what it calls "Jerryn Street type" shirts to City men at their office desk. It soon found that the really neglected area was providing women to the office desk service. So now Workshop Clothing offers a range of 10 different styles of shirt and twenty different beautifully soft cotton shirting fabrics from which the City woman can choose her very own shirt. At a cost of between £30 and £60

Ms City Exce can be as smartly and expertly clad as her male colleagues.

Styles range from the usually frilly stand-up collar line to classic shirts. So successful has the venture been that Workshop Clothing now offers a smart but fairly classic suit in Prince of Wales check fabric with a collarless double-breasted jacket and a wrap-over skirt (£175).

Burberry Tailoring Telephone 01-639 2434

IF YOU don't have time to visit Burberry's store, Burberry's will come to you. You can order up a visiting tailor for a made-to-measure suit (more than 1,000 patterns, prices starting at £165), a tailored shirt (from £28), an off-the-peg suit (Chester Barrie, Magee Pierre Cardin, Eumler et al), and anything else you fancy from an overcoat to a spotty tie from the Burberry catalogue.

Birley's Sandwich Bar, Unit 2, Cannon Street, EC4 Telephone 01-626 8594

THE BEST sandwiches in the City say those in the know. No longer is the sandwich just fodder to keep the wolf from

the door. Birley's sandwiches are proper food — granary bread (if that's what you want) and proper fillings. They're not cheap but they're excellent food — and they'll deliver to your desk for £1 a throw. Every day there's home made soup an offer, too.

Gentlepeople for appointments telephone 01-561 4383

FINALLY, all those poor over-worked and over-paid young yuppies might like to know that when their social life finally crumbles about them and they long for home comforts and somebody to share the golden pile, help is at hand. Mrs Zeldia Fischer (from America, where else?) saw the problem coming and for an annual membership fee of £500 provides the answer. Gentlepeople she calls her service and she insists it is not a marriage bureau or a lonely hearts organisation. "We're consultants to single people; a social club where you can meet a new set of people." But if a need is there, somebody can always be called upon to fill it — at a price. So for an extra £1,500 Gentlepeople will try and find a suitable marriage partner.

Manley Laird for appointments telephone 01-720 4141

MANLEY LAIRD is, for want of a more telling description, an itinerant suit sales group. Launched just about a year ago (when I wrote about them here) they have now expanded from a two-man business in a one-bedroomed flat to a 10-man team in proper premises.

Chaps in need of a suit need just lift the phone, and along to their desk will come a Manley Laird fitter with swatches of fabric and racks of clothes. You try on jackets and trousers to get the nearest sizes and shapes you like, then you choose the fabric from the swatches. Though the suits are ready-made and include most of the good, solid, middle-of-the-road names like Pierre Cardin, Linea Rossi, Mr Barry, and Wensum, they are altered to fit. It usually takes about a week from start to finish. Prices range from £150 to £180.

As well as the suits Manley Lairds have now started their own-label shirts — again made to measure, but in what it describes as the "Jerryn Street Mould." Two fold 100 per cent cotton poplin in the preferred city white, stripes or plains, with double cuffs, variable cuff-lengths. They are proud of the fact that all are "full-blooded."

Corney & Barrow, 109, Old Broad St, EC2. Tel: 01-920 9560. 118, Moorgate, EC2. Tel: 01-628 2898. 44, Cannon St, EC4. Tel: 01-248 1780.

Coates Caff, 45, London Wall EC2. "IN A funny sort of way," says Nick Stanley, managing director of Corney & Barrow, "the restaurant business was the archaic as the broking and jobbing businesses — doing away with fixed margins, with the traditional ways of selling, with antiquated service, was as vital for us to survive as it is for the more traditional City institutions."

Nowadays no partner in a stockbroking firm, no underwriter at Lloyd's, no banker in Cannon Street needs to glide away down to the Strand or the West End for his power lunch unless he really wants to. Right on his doorstep he can toy with a glass of Ferrar (or a Chateau Latour, if that's his taste) and a calade composite or a Brill with "trois sauces," in



one or other of the Corney & Barrow eateries.

A combination of high quality modern design (Julian Wickham and Chalk Chassey are the architects they've used so far), delicious and interesting food of a light, contemporary sort, of video screens up on walls making sure they're never out of touch with the way the money markets are moving, means that eating in the City is as enjoyable, as enticing as almost any West End restaurant.

While the top three Corney & Barrow restaurants are really aimed at the true expense account power lunch, Nick Stanley is well aware that there are bands of chic young yuppies, not yet of partner status, but wanting more than stodge and indigestion at midday. For them he has opened Coates Caff (any resemblance between its logo and the indelicately fashionable Cafe Coates in Paris is, he says, entirely coincidental).

Sketchley's Fenchurch Buildings 1 Fenchurch Street EC3

SKETCHLEY, long a name in dry cleaning circles, has cottoned on to the fact that laundry and dry-cleaning is one of the biggest headaches for those who live alone and work long hours. The rising young chap in the City can now go into his nearest branch of Sketchley, fill in a form with his name, address and credit card. He then leaves a £2 deposit and is supplied with a green laundry bag. He uses the bag to transport his cleaning, or laundry, and he can leave it, complete with filled-in form, on the counter to be cleaned, laundered or mended as per instructions. The credit card is automatically debited and there is no queuing to hand it in. This clearly helps — but what about a delivery service, to the office desk?

New & Lingwood 155 Fenchurch Street EC3

NEW & LINGWOOD (well-known to generations of Etonians as suppliers of the ebon' kit since 1865, to Cambridge undergraduates since the 1970s and to gentlemen in Jerryn Street since 1922) saw the way the wind was blowing last year and opened a branch in the City. The days when the City gentleman could find the time to go to his lunch hour had gone — if they were to keep his custom they'd have to go to him. So now those who like the New & Lingwood style can buy their immaculate Oxfords, brogues and half-brogues, their fine cotton shirts, either ready-made or made-to-measure by hand (for £65), their traditional classic ties, their soft pyjamas, within the City's limits. Don't go there for anything trendy, just for the reassuring props of traditional City life.

LAST YEAR I tasted pumpkin for the first time. I had seen it on sale often enough and I had been to parties lit by pumpkin lanterns. I had even bought pumpkins myself — but not far eating; I used them purely for decor: mixed with pyramids of Victoria plums, a pomegranate or two and a few sprays of rowanberry, they make a splendid display at this time of year when flowers are running short.

Then last year it suddenly struck me, churlish, not to say mendacious, to throw the pumpkin away without trying it. So when the time came to take down the table centerpiece, I took my little pumpkin into the kitchen.

I asked various friends and neighbours for advice and discovered that, although many meant to, like me, none had yet got round to eating pumpkin, let alone to cooking it. Perhaps FT readers are more adventurous, but in case not, let me share my experiences. Pumpkin pie seems to be the obvious recipe to try but greatly preferring savory dishes to sweet, I decided to avoid it. I loved the sound of a recipe in Jane Griggin's Vegetable Book for an Argentinian stew cooked for an hour in pumpkin, but my miniature pumpkin was far too small for such a party piece. I toyed with the idea of cooking pumpkin as a vegetable puree and simple but was disabused by the warning given in many cookbooks that pumpkin rapidly disintegrates to a mush in the cooking pot. It sounded depressing.

then, the best idea might be to try to make a puree of pumpkin soup. So it was that I decided to embark on soup-making.

The first surprise came when I tried to cut the pumpkin in half. I had expected the knife to slice through it like butter. I had even laid newspapers on the floor in anticipation of juices and seeds gushing out as they sometimes do when you cut into a ripe melon, one came. You need muscles to cut into a pumpkin. It's solid and hard, more like chopping logs than chopping a vegetable.

The next disappointment was the nest of seeds in the centre of the pumpkin. These seemed irretrievably knitted into a bundle of harsh woolly fibres, well-nigh impossible to unravel and wash out properly. That put paid to my plan for home-toasted pumpkin seeds. When eventually the flesh was detinded and deseeded, sliced and diced and put into a pan with some butter and stock, I found it took about 50 minutes to cook. Even then it never became meltingly tender, and when whizzed to a puree it stubbornly remained a little waxy and lumpy. Speaking now as a veteran, having cooked and eaten my way through several whole

Cookery Adventures of a pumpkin



under-ripe, or perhaps I should be say immature. Certainly no other pumpkin I have come across has proved quite so recalcitrant. I have learnt not to be seduced by the diminutive charm of a pumpkin weighing in at 2 lb or less. Such lightweight specimens are no use to the cook. The minimum desirable weight is 2 1/2 lb. A whole pumpkin of this size, or a little more, keeps well for ages and should do double duty satisfactorily: first as part of the decor, then as part of the menu.

The answer lies in the seeds. It may sound a bit like the hocus-pocus of reading things into tea-leaves, but I have found that when pumpkin seeds are well developed and there's a bit of breathing space around them, then the flesh is good to eat.

If on the other hand the seeds are gripped in a mat of fibres as tight as a clenched fist, then the chances are that the flesh will be sticky when cooked instead of tender and sweet. Having said all this I must admit that even my first immature and underweight pumpkin made a good soup. It was not as smooth and creamy in texture as one might wish, but it was nicely flavoured, warming and soothing. Never basting tasted pumpkin before, I had no yardstick to go by, but I tracked down some experienced pumpkin-eating friends and they gave the soup their seal of approval. So here is the recipe:

CREAM OF PUMPKIN SOUP (serves six or more) 1 x 2 1/2 lb slices of pumpkin or a small whole pumpkin weighing 2 1/2-3 lb; 1 medium onion; 1 small orange; 1 oz butter; at least 2 pt light stock; a little ground cinnamon and curry powder; salt and freshly ground black pepper. Peel the pumpkin and cut it into quarters and pull out the nest of woolly fibres and seeds from the centre. Peel the pumpkin thinly and cut the flesh into large dice. Add the pumpkin to the pan and stir briefly to coat it all over with fat. Sprinkle on 3 teaspoon of ground cinnamon and the merest pinch of curry powder. Stir in the spices, add the finely grated zest of the orange and pour on the two pints of stock. Bring slowly to simmering point, cover and cook gently until the pumpkin is tender and beginning to disintegrate into the liquid; this can take 40 minutes or so. Stir occasionally and check the pumpkin for tenderness as it cooks. Fish out most of the pumpkin flesh and put it into a food processor. Add some salt and pepper, the juice of the orange and half the cooking liquid. Reduce to a purée. Return the purée to the soup pan. Stir to mix well and reheat gently. Add more pepper, salt or cinnamon, and thin with more stock (or orange juice) as necessary to achieve good consistency and flavour. Garnish with a swirl of cream and scatter with a few pot marigold petals or dust with a shake of sweet Hungarian paprika, and serve with plenty of buttery crisp croutons if friend bread.

marigold petals to garnish, and lots of fried bread croutons. Chop the onion and sweat it gently in the butter in a covered pan while you prepare the pumpkin. Cut it into quarters and pull out the nest of woolly fibres and seeds from the centre. Peel the pumpkin thinly and cut the flesh into large dice. Add the pumpkin to the pan and stir briefly to coat it all over with fat. Sprinkle on 3 teaspoon of ground cinnamon and the merest pinch of curry powder. Stir in the spices, add the finely grated zest of the orange and pour on the two pints of stock. Bring slowly to simmering point, cover and cook gently until the pumpkin is tender and beginning to disintegrate into the liquid; this can take 40 minutes or so. Stir occasionally and check the pumpkin for tenderness as it cooks. Fish out most of the pumpkin flesh and put it into a food processor. Add some salt and pepper, the juice of the orange and half the cooking liquid. Reduce to a purée. Return the purée to the soup pan. Stir to mix well and reheat gently. Add more pepper, salt or cinnamon, and thin with more stock (or orange juice) as necessary to achieve good consistency and flavour. Garnish with a swirl of cream and scatter with a few pot marigold petals or dust with a shake of sweet Hungarian paprika, and serve with plenty of buttery crisp croutons if friend bread.

WOODSTOCK CHELSEA The New Woodstock Showroom is now open at 92 Lots Road, S.W.10. Fine furniture, custom kitchens, bespoke bedrooms. Tel: 01-837 1818/3220

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BENNY TABLEWARE Solution announce an extraordinary promotion to be held at 27 Cathedral Place, St. Paul's, London, EC4 on 01-228 8217 from Monday 20th October 1986 for two weeks only. Bring your old tableware — regardless of make, age or condition and purchase it for as little as many items of any quality. We guarantee also to offer you a new set of tableware for a new set of tableware for a new set of tableware. This means you get your present china, tableware, stoneware or porcelain could be worth more than you paid for it! SOLUTION — 01-248 5217

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Robin Lane Fox Offers signed copies of the new edition of his Variations on a Garden, out of print for 10 years and just published at £10.95; newly illustrated with 16, pp colour, 8 pp, black and white; 200 pages of revised and enlarged text. FREE post and packing. FREE seeds of Apricot Foxgloves, donated by Thompson and Morgan. Cheques for £10.95 to: R. and L. Lane Fox, 14 Beecheroff Road, Oxford OX2 7AZ. Name (Block capitals) Address

# Starving the peasants

**THE HARVEST OF SORROW**, by Robert Conquest. Hutchinson, £18.95, 412 pages

THE SOVIET UNION was afflicted by several waves of famine in the years following the October Revolution. But the first, from roughly 1919 to 1921, was an almost inevitable sequel to war and civil war, with the widespread destruction these had caused in some of the most fertile regions of the country.

The second major famine, between 1929 and 1932, was quite a different matter. It was largely man-made, and resulted from a lethal combination of measures decreed by Stalin and the Soviet Government in Moscow: forced collectivisation of the villages, "dekulakization" — a series of impossibly high grain procurement quotas, and a ruthless campaign to eradicate all nationalist sentiment in the non-Russian republics, the Ukraine being the principal target.

To put these policies into effect, Party activists from the cities swarmed over the countryside to beat the peasants into submission, and to fan the flames of "class war" between the so-called kulaks and the rest. "Dekulakization" is an ugly word to hide an even uglier reality, for almost any peasant marginally more prosperous than his fellow-villagers could be denounced as a "kulak", and countless thousands were either executed, given ten to fifteen-year sentences in labour camps, or sent into exile in remote regions such as Kolyma where few of them survived. In any case, the word soon ceased to

have any real meaning, as more and more "poor" and "middle" peasants suffered a similar fate. The chief instrument in this crushing of the peasantry was the grain procurement programme. Evicted from their homes, stripped of most of their belongings, and herded into huge collective farms, the peasants were then ordered to hand over to the State their entire grain production. With nothing left for themselves and their families, they began to starve.

The Soviet authorities did their utmost to prevent all knowledge of the famine leaking out. Nevertheless, from the eye-witness accounts of survivors and from other sources, Robert Conquest has been able to accumulate many vivid and harrowing footnotes to the general disaster. At one place in the Ukraine, a railway track needed rebuilding, where "people who had not seen bread for six months were to be paid 500 grammes a day, plus 30 grammes of sugar. But to get this much, a norm was set of digging eight cubic metres of earth a day, which was beyond their powers, and the bread in any case arrived the day after the working day: people died at work, or during the night."

Sometimes, cold figures are enough to show the scale of the calamity: "The number of Kazakh households declined from 1,233,000 in 1929 to 966,000 in 1938." (If the Kazakhs were among the worst sufferers, it was because of the regime's blind determination to impose collectivisation on a nomadic people.) There are many accounts of



Soviet United soccer team. Marx holds the ball in the back row with Lenin next to him. It is one of many striking illustrations in a photographic biography of Trotsky by David King (Blackwell £25.00)

villages entirely deserted and overgrown with weeds, or peasants being arrested for gathering a few husks from their own fields, or thousands of others trudging into the cities in search of food and dying in the streets, or flat-top cots collecting the corpses for burial in mass graves. There were also cases of cannibalism. Soviet statistics are notoriously unreliable (a census taken in 1937 was never even published), but by extrapolating from known figures, Mr Conquest arrives at a total death toll of between 14m and 15m.

It has sometimes been said that Stalin could not have known the true extent of the drama, but this is, of course, nonsense. Various Ukrainian

Party leaders informed him of the mounting tragedy, and appealed for a lowering of compulsory grain deliveries, but in vain; and some of them were later arrested and purged. A number of courageous foreign correspondents, such as Malcolm Muggeridge and W. H. Chamberlain, published graphically detailed accounts of the peasants' sufferings, although these were routinely denounced in the Soviet press as "slanders."

Unfortunately, some others, in order to safeguard their resident status, either glossed over or ignored the reality; and it must also be said that Stalin, being a pastmaster in the arts of disinformation and the Big

Lie, had little difficulty in enticing willing dupes in the West, including Bernard Shaw, the Webbs, and the French radical leader, Edouard Herriot. It can be argued that all these events took place half a century ago and should be laid to rest. But Mr Conquest takes a different view, and it is difficult to disagree when he insists that they "cannot be shrugged off as part of the dead past, too remote to be of any current significance. On the contrary, until they can be freely and frankly investigated the present rulers of the USSR remain — and ostentatiously so — the heirs and accomplices of the dreadful history recounted in this book."

Erik de Mauny

# Ironically enough

**THE ALLURING PROBLEM: AN ESSAY ON IRONY** by D. J. Enright. Oxford £13.95, 192 pages

IRONY HAS been present in so many good books for more than 2,000 years: what exactly is it? Unthinkingly, I feel I know where to find it: Plato's Socrates, Jane Austen and Turgenev are some of the favourite hunting grounds. It is a sophisticated quality which can be very powerful: it makes me, naïvely, want to meet its author and it causes me to snap a book together at the end of a chapter and exclaim that it is horribly good. Irony is not necessarily cruel or pessimistic, but it does not belong with faith and it is not a good Christian quality. It is not the result of one-eyed vision.

D. J. Enright sets out to explore it more closely. As a poet and experienced man of letters, he has a marvellous range of ironic examples and incidents. He writes clearly and exploits all sorts of oddities, from his own experiences with the Electricity Board's cut-price and previous books on his subject. Aware of Lit. Crit's absurdities, he has given us a critic's reflective book. At times it may seem a trifle bookish, but his flow of ideas and his

candidates for ironic qualities are often dazzling. Short chapters suit his progress through types of irony and counter-examples which are almost ironic. He gives us plenty of stories to relish and reminds us that a definition is curiously elusive.

Dr Johnson defined irony as "a mode of speech of which the meaning is contrary to the words." Philosophers would make hay with that notion, but he was thinking of one ironic mode, long identified by the ancient Greeks. In discussion, you or I can use deliberate understatement. We know more than superficially, we seem to say. As D. J. Enright accepts, irony exists most often when an action or remark is being directed at another person who does not see that it is ironic. In this vein, it can be a gentle weapon, perhaps best wielded by Mr Bennett in *Pride and Prejudice*. It is a great deflator, the destroyer of other's misplaced certainties or insecurities. It is a splendid response to politicians, philistines, snobs and one type of American.

There is also the irony of events. The future cannot be ironic: irony is a quality which is only ascribed with hindsight or with wider knowledge of the present. Here, too, it crops up

when we know more, either more than our past earnest self, misguided in its efforts, or more than some partner who is only aware of part of the story. As D. J. Enright well observes, irony does not entail knowing better; we need only know otherwise. Defeating former certainties, irony to the sceptic's natural weapon. It can "help us to bear the sufferings of others"; it can also become the "self-awarded consolation prize of the defeated." It does not have to be "cruel" or "bitter." In this century two very different masters of irony were G. B. Shaw and Noël Coward: its tones are as varied as its users.

You see how suggestive this book soon becomes. On one point, however, I must add to it. D. J. Enright has little to say of tragic irony, that famous gift of classical Greek dramatists. He has nothing at all to say of Homer's irony, its antecedent in literature. Irony is Homer's invention. His poems exploit it so powerfully because they move between the knowing Olympian gods and the ignorant world of men. Forewarned by Olympus, we know more than Achilles or Hector: irony, a Greek word, is central to the paths of the world's first poetic masterpiece.

Robin Lane Fox

# In and out of office

**MINISTERS AND MANDARINS: INSIDE THE WHITEHALL VILLAGE** by Jock Bruce-Gardyne. Sidgwick & Jackson, £10.95, 252 pages

WHILE I was working at the Spectator in the 1960s, Nigel Lawson became editor and Jock Bruce-Gardyne a contributor. In those days Lawson used to drive a Jaguar very fast; Bruce-Gardyne preferred, and still does, a bicycle. But it was the latter who sometimes seemed remarkably patrolling of the former. The reason was that Jock was already an MP and Nigel was still looking for a seat.

Times change. Bruce-Gardyne lost his seat in 1974, won another in 1979, then in what looks like carelessness lost that to the booby changes of 1983. Lawson entered Parliament in 1974, became Financial Secretary to the Treasury in Mrs Thatcher's first administration, then Energy Secretary and has been Chancellor for the last three years. The highest office attained by Bruce-Gardyne was as a junior minister at the Treasury, 1981-83, though he is now in the House of Lords.

The subtitle of this book might well have been "Nigel and Jock," or vice versa. Their ideas on economic affairs are strikingly similar. They share a distrust of the Foreign Office and perhaps of foreigners. Both worked for the Financial Times. Bruce-Gardyne refers to the pair of them as "old buddies." Both in their own ways are eccentrics. It was one of the vagaries of politics that made one of them Chancellor and sent the other back to his typewriter.

The actual subtitle, "Inside the Whitehall Village," is drawn from a book called "The Private

Government of Public Money" (Heilo and Wildavsky, Macmillan, 1974) which describes Whitehall as a closely-knit community of introspective, sparing, and occasionally gossipy mandarins who owe allegiance to the corporate entity, but in particular to the departments to which they happen, at any given time, to be attached. That is Bruce-Gardyne's summary, although, as he admits, the television series Yes, Minister makes the same point rather more vividly.

There is something in it. But forget the theory. This is the story of a frustrated junior minister who knows how to write and is good at telling anecdotes. Not that he is bitter, but there is, he notes, the "sheer grind and penury" of the job to contend with. "A junior minister's lot is, like the policeman's, not a happy one."

One of the strangest stories he relates is that when he first became a minister the Whips' Office offered him a list of possible names for his Parliamentary Private Secretary, or dogbody. It included Mr Norman St John-Stevas, who had recently been sacked from the Cabinet.

The Chancellor for whom Bruce-Gardyne worked was Sir Geoffrey Howe. There seems to have been remarkably little direct contact between them, and while the author does not say anything nasty about Sir Geoffrey, it is striking that he omits the opportunity to say anything very nice.

Somebody ought to have seen — the Chancellor or the Prime Minister perhaps — that whatever Bruce-Gardyne's qualities, he was not the most natural choice to put in charge of VAT and Customs, and Excise. No doubt he could write very good



Lord Bruce-Gardyne: tales of the Treasury

articles about the anomalies in the systems, and he did discover in the course of his ministerial duty that GEC (of all companies) was causing trouble by persistently paying its VAT bills late, but the minutiae and the grind of all that were hardly his forte.

He may have done better in his role of dealing with relations between the Treasury and the Bank of England, which is what the best part of the book is about. Bruce-Gardyne was a political heretic in thinking that the Bank should be more independent, not less. The trouble between Governor Richardson and Mrs Thatcher, he writes, was not so much a clash of attitudes as a clash of temperaments; rather like, he might have added, the clash between Mrs Thatcher and James Prior. "Imagination boggles," he suggests, "at the thought of what the climate between Bank and Treasury would have been like," had Richardson still been Governor when Lawson became Chancellor.

The junior minister, however, was allowed very little say in these matters. He was in the wrong slot and is better off, in every sense, as a journalist.

Malcolm Rutherford

# Chronicle of colleges

**HISTORY OF THE UNIVERSITY OF OXFORD** Volume III: The Collegiate University, 800-775 pages; and Volume V: The Eighteenth Century, 575-000, 949 pages. Oxford University Press

THE BRAVE enterprise of the University of Oxford in re-writing and presenting its history, in these discouraging times, proceeds on its stately way. Here are two volumes, splendidly produced and illustrated; it is a tribute to Oxford's world-wide influence that the first is edited by a Canadian scholar, and the second largely directed by a South African of Scottish descent. Its scholarly resources and materials available have been well deployed and orchestrated. Behind it all is the great advantage cited in the general Preface: "It is to be doubted if any private institutions have been so fortunate in attracting the attention of antiquarians and historians."

Reading these two volumes together, almost against each other, is a curious experience, they afford such a contrast, yet with continuous themes in common. The Tudor volume is the more exciting, if that is the word for so solemn and scholarly a work. The 16th century was much more disturbed, even revolutionary, with the Renaissance emergence from the Middle Ages and Reformation. The university encountered some sharp ups and downs, and had some narrow escapes.

Corpus Christi. Later in that century came Trinity and St John's, Jesus and Wadham. Professor McConica rightly makes the dominant theme of his volume the Rise of the Colleges. What was characteristic was the marshalling of students into the colleges, where they could be properly disciplined and made to work, as against medieval disciplines (more like a modern university).

Cambridge profited from the Reformation; Oxford partly lost from it — when one notices the number of distinguished Fellows who went into exile (rather mistakenly). Things settled down in Elizabeth's long reign. One thing this volume puts right is the misrepresentation of the much-maligned Leicester as Chancellor of the university. He did his duty conscientiously, he was Elizabeth I's favourite, people fail to realise that he was a good servant of the state.

The great Queen herself comes less well out of it again and again she was pressing colleges to make over beneficial leases, to their disadvantage, to her appointees — all Souls, for instance, for the benefit of Sir Walter Raleigh. Nothing came from her like the great generosity of Mary Tudor to Trinity College, Cambridge. Oddly enough, we know less about Oxford in the 18th century. It has been usually written down as a torpid period, largely on account of the disparaging remarks of Gibbon, written, I suspect, partly for comic effect. His tutor well remembered that he had a salary to receive, and only

daled... decent, easy men who suddenly enjoyed the gifts of the founder," etc. This volume corrects those stunts. Anyway, the young Gibbon had the college library to read in, and we know that he did it.

So, too, Sir William Jones, as a student, made the greatest use of the Bodleian Library — to become the prime Orientalist of his age — what Indian scholarship, and even nationalism, owe to him is immeasurable. And this goes back to the Oriental collections and benefactions of Archbishop Laud, greatest of our Chancellors.

Any visitor should be able to see that Georgian Oxford was not asleep for we owe to it most of the buildings in themselves most beautiful — the Radcliffe Camera its grandest monument, the noble libraries, halls, chapels, quadrangles, like Packwater, Worcester, the Hawksmoor work at All Souls. Oxford was transformed; as our leading architectural historian, Howard Colvin, says: "the result was to put Oxford, for the first time since the Reformation, in the forefront of English architecture."

And what about the world-wide influence of Wesleyan Methodism springing from Georgian Oxford? Steeply? No man ever slept less than John Wesley — except perhaps Napoleon. It is true that Oxford — put wrong by the fustious James II — made the mistake of backing Jacobitism. This so shocked the great William Pitt of Trinity, Oxford, on a visit, that he sent his son to Trinity, Cambridge.

# Movie man in focus

**A LIFE IN MOVIES** by Michael Powell. Heinemann, £15.95, 690 pages

MICHAEL POWELL, the most gifted misfit in British cinema, at last reveals all — or nearly all — in this massive autobiography. The director of *The Thief of Baghdad*, *The Life and Death of Colonel Blimp*, *A Matter of Life and Death*, *Black Narcissus*, *The Red Shoes* and *Peeping Tom* has long owed us an account of his life: and an explanation of how, in a national film industry largely dominated by gritty realism, he has persistently produced flamboyant, highly coloured movies, with more than the odd flash of genius.

His memoirs are a joy. He talks as if the reader was in the room with him. "What? You have seen the film?" he says after describing Olivier's sensational stage debut as Richard III. "Well, then, you have seen something. But imagine!"

He details his eventful upbringing, which sounds like a Powell movie in embryo (black comedy division): what with Gandra going to prison for embezzlement, and he and his brother burning down the odd haystack on his father's farm. Add he relates the beginnings of his film career not as if reflecting them in tranquillity but as if leaping into them all over again. Here is the man who worked

uncredited with Hitchcock on the script for *Blackmail*. (He suggested the now classic chase through the British Museum.) Here is the man who depicted the workings of radar in a war film (*The Lion Has Wings*, 1939) several months before radar became a declassified secret. And here is the man whose search for perfection put in a generation of American movie brats, including Spielberg and Scorsese, and three years ago he was employed as a senior production consultant by Francis Coppola's Zoetrope Studios.

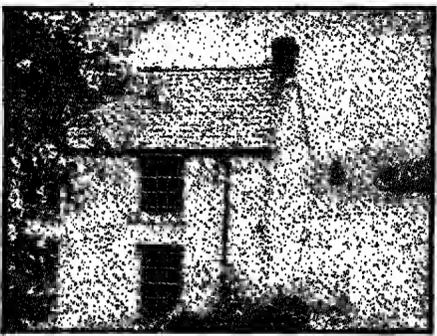
After two decades of critical neglect, with the odd note of lofty derision thrown in (for the romantic or decorative "excesses" of *The Red Shoes* or *Tales of Hoffman*), Powell is now firmly back in fashion. He has been adopted as mentor by a generation of American movie brats, including Spielberg and Scorsese, and three years ago he was employed as a senior production consultant by Francis Coppola's Zoetrope Studios. Powell's great attribute — and example — has been his fearlessness. In 1948, in the teeth of industry incredulity, he chose to shoot his Himalayan melodrama *Black Narcissus* entirely in a British studio. The result was a delicious visual tone-poem,

comparable to the great works of German Expressionism. In 1960 he made a horror film about a Ripper-style murderer, Peeping Tom, whose emotional clout was such that contemporary critics could not see the thematic ingenuities and underlying seriousness for the surface grand guignol. The film has seen them since, and the film has grown into a modern classic.

Much of Powell's story is yet to come. In this volume the author takes us up to the early 1960s, when he is in the last years of his collaboration with longtime partner and screenwriter Emeric Pressburger, and when *The Elusive Pimpernel* threatens to add a last rapid but decorative grace-note to their heyday. Little did history know. The second coming of Mr Powell is reserved for the second volume.

Two years ago I visited Powell at his then home in Greenwell Village, New York. He took time to give me lunch, an interview and his invariable exhortation: "Go out and make films, Nigel!" Powell's exuberance of spirit is like no one else's in cinema. Most film makers, when asked by film critics, cannot get rid of them too fast enough. But for Powell, everyone interested in movies, from those who make them to those who write about them, are part of a giant conspiracy to promote the 20th century's only new art form.

Nigel Andrews



The Boathouse at Laugharne

# Wife to Dylan

**CAITLIN: LIFE WITH DYLAN THOMAS** by Caitlin Thomas with George Tremlett, Secker and Warburg, £10.95, 211 pages

CAITLIN THOMAS, married for 17 years to Dylan Thomas, until his death in 1953, has already written one book, *Left-Handed Love to Kill*. Now years later comes this one, not so much written as dictated agonisingly into a tape-recorder with George Tremlett operating the pause-button, and pulling the streams of fluent, bitter total recall into some sort of shape. Inimitable there is much repetition, but also much that is horrifyingly absorbing.

As everyone knows there are always three sides to the story of any marriage: His, Hers, and the Truth. Here we have Hers with nothing kept back this time: particularly when it comes to the characters of former benefactors like Richard Hughes and his wife, and A. J. P. and Margaret Taylor.

Not merely did the affair begin in a pub, it remained rooted in pubs for the rest of its course, and for the whole of their subsequent marriage. They did not have anywhere they could really call a home of their own, in spite of their family of three children, until they moved to Laugharne; but that was years later, after Dylan had become a world-famous celebrity with the publication of *Deaths and Entrances* and the broadcasting of *Under Milk Wood*.

All the ugly rumours that we heard about him at the time turn out to have been true: all arising from his congenital incapacity to take any kind of adult responsibility for anything except the words he com-

mitted to paper. Somehow Caitlin Thomas succeeds in convincing the reader that in spite of this chronic weakness, in spite of his long series of betrayals, great and small, she continued to love him even as their marriage crumbled, almost nothing as he became the permanently absent one, the darling of the American lecture circuit with a girl on every campus and a regular mistress in New York.

Yet during the time of some of his worst excesses he was writing some of his greatest poems. *A Refusal to Mourn, Fern Hill, Do Not Go Gentle*. It is as if they were written by someone quite other than the drunken, randy little monster who stalks the pages of Caitlin's book. Perhaps, though, there is one exception, an obscure erotic poem written c. 1944 entitled "Into Her Lying Down Head." The poet speaks there of "broken marriage in which he had no lovely part, and of how 'his faith around her few undone', but in spite of its sexual violence and double-betrayal, the poem ends on a note of exquisite tenderness. For the first time one begins dimly to understand what that particular poem is about.

Anthony Curtis

WYNYFORD VAUGHAN-THOMAS, president of the Dylan Thomas Memorial Trust, will be visiting Laugharne on Monday to launch an appeal for £250,000 to preserve the Boathouse as a permanent memorial to the poet. It was there that some of his most famous poems were composed. Caitlin Thomas will be returning to Laugharne for the first time in 30 years.

# Up from Down Under

**GIVING IT AWAY** by Charles Osborne. Secker and Warburg, £15.00, 324 pages

HOW THIS refugee from Brisbane could ever have agreed to become a cultural bureaucrat is incomprehensible. Dr. rather, it would be incomprehensible if he had. But in a fashion hardly to be expected from someone who once played the organ in a Methodist chapel, Osborne conducted, in 20 stormy years as Literature Director of the Arts Council, ended recently, go do civil service boots and then kick clients, critics and colleagues with impartial zest. Suffice to say that he arrived in Europe from Australia, ending 25, an accepted poet,

an experienced actor. For years he existed perilously by acting, writing and broadcasting, before getting off the financial tightrope with a string of successful books to his name.

Charles Osborne moves into overdrive with a succinct account of the Arts Council's origins and progress (or retrogression, whichever way one looks at it). The persona of the cultural and social worlds fills the reader's bowl in a plenitude that would induce dyspepsia were it not for the digestif of witty, waspish irreverence that invests almost everything he has to say. Prejudices are aired enigmatically and uninhomogeneously. Human weaknesses are noted in almost anyone the author has ever met — though not Lord Goodman, who emerges as a candidate for

instant pre-emptive canonisation.

Osborne dislikes the Japanese, the Regional Arts Associations (with justification) and, endearingly, a number of institutions and individuals for no cause beyond the ominently sensible reason of disliking them. He stoutly defends his case for the disbursement of public money, his support for the *New Review* magazine, and his concept of a State publishing house. With considerable courage in one who frequents the groves of the liberal-progressive alternative Establishment, he utters what so many harbour as unspoken thoughts on "elitism," racism and other fashionable topics, tweaking the ears of an assortment of sacred cows.

Laurence Cotterell

**'INSPIRES CONFIDENCE...'** Christopher Ricks *The Sunday Times*

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طراحت الامل

# Ten tempestuous years at the NT

OCTOBER 25, 1976 was a funny old day. It rained and gusty somewhat, the pound sterling gave its worst performance since the recent devaluation, and the Queen officially opened the new National Theatre on the South Bank.

There were fanfares, red carpets and a right unroyal raspberry in the shape of Goldoni's *Il Campiello*, a disastrous production on the Olivier stage that made most of us wish we were sitting next door in the Lyttelton watching *Jumpers* with Princess Margaret. Judging by the look on her face, the Queen must have been happier still knitting them.

Olivier appeared on the stage named after him to deliver a tortured address (almost as tortured as the National Anthem arrangement that preceded him) and to congratulate Peter Hall on the durable building of his foot "when he put it in the door". In spite of delays, rising costs and the rumblings of industrial dispute that were to culminate in an unofficial strike and the closure of all theatres in 1979, Hall had hulkily opened the second auditorium, the Lyttelton, a few months earlier.

Tonight, as the foyer buzzes in anticipation of S. N. Behrman's *Jacobowsky and the Colonel* in the Olivier, Neil Simon's *Brighton Beach Memoirs* in the Lyttelton, and David Hare's new fumble bill in the Cottesloe, Hall can allow himself a slight pat on the back. The popular and justifiable perception is that the National Theatre is a success. Hall, like the old star in *Sondheim's Follies*, is still very much "here". The various virtues will be offered a slice of birthday cake as they leave the building.

The building I've never been sold on. "Katie's Castle made real" cried A. J. P. Taylor at the time. But at least you can park in comfort; the restaurant, snazily revamped as "Overture", has improved steadily over the years; the bookshop area is pleasant enough; the Lyttelton buffet a positive virtue. I still dislike the noise-ness of the glass and concrete both muffled and bounces back the music-making and general babble, and there is never sufficient available seating.

But tourists and the general public have voted with their feet for the place as a desirable amenity, even if, whenever it rains, Denis Lasdun's grim concrete exterior assumes the appearance, as you approach it across Waterloo Bridge, of a stained and dismal canning factory.

Exciting the Olivier is the most exciting auditorium, a fan-shaped thrust, that when it is used properly belies Kenneth Tynan's belief that the presentism stage should have taken precedence. The two most popular NT shows have been staged in the Olivier—*Gyps and Devils* and (ending at last on November 20) *Broopa*—and Hall himself has done his most adventurous and exhilarating work here, the masked *Orestia* and the McKellen *Coriolanus*.

The Cottesloe is often thought of as the studio, but it holds as many people as does the Royal Court (about 400). The design consultants have complained ceaselessly that Hall was wrong to paint it black. On timid nights, the blackness becomes a problem. On other, nobly the series of Bill Bryden productions stretching from *Lark Rise* and the O'Neill season to the triumphant *Mysteries*, it has seemed the most perfect airless bunker in the world.

About the Lyttelton I am heretically unimpressed. The design miscalculated the architectural proportions and added insult to injury by making a

Sir Peter Hall, like the old star in *Sondheim's Follies*, is still very much "here."

As the National Theatre celebrates a decade on its three stages in Sir Denis Lasdun's building on the South Bank, the popular and justifiable perception is that it is a success.

Tourists and the general public alike have "voted with their feet" for the National Theatre as a desirable amenity—and tonight its various audiences will be offered a slice of birthday cake as they leave.

"feature" of the auditorium's "concreteneas." Proscenium production always entails a distancing presentational coldness between audience and players. But, too often, the Lyttelton players are too far away, and the productions there, over-designed and crammed to fill the vasty acres of stage space, resemble museum items viewed through the wrong end of a telescope.

There have been successful Lyttelton shows. I remember particularly Hall's *Importance*, Judi Dench's reworking *Lady Bracknell* on the Edith Evans monopoly, Pinter's generally underrated *Betrayer* (a play whose qualities may only have been fully revealed in the David Jones film); solid but unsensational Shaw (*The Philanderer* and *Mrs Warren's Profession*); ditto, Priestley and Pinter (the current *Majorate* is acceptable rather than earth-shattering).

But the Lyttelton has also been the temporary graveyard of one of the National's most distinguished discoveries, Tom Stoppard. Tynan plucked Stoppard for Olivier's *Old Vic National* in the mid-1960s on the South Bank, Stoppard has operated as an indifferently produced translator of the mittel-European middlebrow classic repertoire. After the lush extravaganzas of *Undiscovered Country*, the Schmitzler connection has dwindled to the dreadfully full travesty of *Leibel* in *Dalliance*, and Nestroy and Molnar have met

unhappy ends in *On the Razzle* and *Rough Crossing*. The National, in short, has failed to sponsor Stoppard's development as a dramatist. His best new work—*The Real Thing*, *Every Good Boy Deserves Favour*, the *Havel Largo Desolato* translation—have been produced, respectively, by Michael Codron, the RSC and the Bristol Old Vic. This state of affairs, of course, could change next year.

Like Alan Ayckbourn, the other chief brand name British dramatist, Stoppard is in demand, and rightly so, all over Britain and the world. But his National association has been far less impressive than Ayckbourn's, whose *Bedroom Farce* and *Chorus of Disapproval* (I shall spare you a memory-jog over *Way Upstream*, the waterlogged apocalyptic catastrophe) have been South Bank highlights. Ayckbourn, who has had differences with his home town base of Scarborough, is sinking anchor at the National, running his own group and opening out the comic repertoire with an overdue revival next month of one of the great Aldwych farces, *Tons of Money*.

One of Hall's problems has been finding solutions to the logistical challenge of keeping all three auditoria ticking over with internal but separate company identities. The RSC has managed to sustain a company image whereas the National often seems a collection of unrelated ventures. Hall has lost

various important collaborators: in the early days, directors Michael Blakemore and Jonathan Miller, more latterly Harold Pinter (who had a couple of flops as a director then rowed with Hall—the man who had directed all his major plays—after some innocuously affectionate but misinterpreted remarks in Hall's 1963 Diaries).

The strongest remaining enterprise within the group system launched a couple of years ago is the David Hare/Peter Wood group, despite the periodic success of Arthur Miller's *The American Clock* (moving in December from the Cottesloe to the Olivier—stern test), a strangely nebulous adventure. Ayckbourn's group seems to be trespassing on, or at least duplicating, the middlebrow comic targets of the Jonathan Lynn group; Hall's company is drifting oddly towards Adrian Mitchell (Richard Eyre territory, surely).

The retrospective exhibition opened benignly by John Gielgud on Monday contains fascinating pictorial records of the NT's backstage industry. Ironically, the occasion was marked by carpenter and electrician whose lives are the subject of a proposal to "contract out." Hall must shoulder in his office with memories of the 1977 six day strike when a plumber's dismissal led to widespread dispute and a financial crisis.

The NT has a staff of 550 people, only 100 of whom are actors. It is a state-subsidised bureaucracy, receiving £7.2m from the Arts Council, £3m of which goes on building maintenance and running expenses. It has won over 100 Awards in 10 years. It was set up by national decree and an Act of Parliament.

But there still remains a feeling that perhaps we don't really want it after all. It is my belief that the National Theatre can only justify its existence in just such a climate of doubt, suspicion and seriously argued dissent. If one day there would surely be numbered by a vote of overwhelming confidence, even if that might occasionally seem preferable to the spiteful, ignorant campaigns currently waged against all subsidised art from certain Philistine bastions of the Press.

Michael Coveney



Nigel Terry and Fiona Shaw in "Much Ado About Nothing"

## RSC troupes Britain

NATWEST'S public atonement for vandalising the London skyline proceeds apace. Disregarding the unwritten rule limiting major sponsorship to three years, NatWest has already announced that its support for the Royal Shakespeare Company's small-scale national tour will continue next year.

The present tour roams Britain until February, creating its own auditorium in sports centres, leisure complexes or whatever large space is available. Local sponsors must be heartened by the public response. Last Thursday's matinee and evening performances in Yorkshire were packed.

A brace from the Bard adds a flourish to the 1100th anniversary festival year. The City School's fine gymnasium speciously housed the thrust stage and light-coloured paneling of Di Seymour's set. In *The Merchant of Venice* tall, rounded arches, reminiscent of both synagogue windows and more mercantile arcades, are filled in with filing cabinets and piles of documents. The stage is flanked by chests and boxes, minimal furniture comes and goes. For *Much Ado About Nothing* the arches frame a blue and white marbled background. A rocking chair and straw hats set the scene for a sunny, almost Caribbean Messina. Both shows are handsome, both show live music well played by a trio (percussion, wind, piano/guitar) under Jack Davy's direction. Jeremy Sam has composed lazily simious synopses, vaguely Latin-American, for Messina; and

trite tootlings for Venice where would-be elegiac wistfulness sounds like Fauré with constipation.

Both productions are straightforward and eschew the usual cuts. Predictably, *The Merchant*, a theatrical problem for our time if the ever was one, here entrusted to the less experienced director, emerges as cautious and colourless.

Roger Michell's production is set in 18th century/early Victorian times, an epoch of frock coats and stove-pipe hats, for no apparent reason apart from lending a Byronic dash to the young bloods of Venice and allowing the Goddard-Prince of Aragon to hobble on in the white wig and knee-breeches of the ancien régime; a nice idea—but without the Hoffmannesque romanticism suggested by the period.

The text is played straight. Shylock is cultivated, quiet and reasonable, with presumably banked fires of resentment waiting to blaze up (though his rage seems not quite within Nigel Terry's capacity). Everything emerges as controlled, bloodless and well-bred, if rather unpleasant (Gratiano really is a jeering pig).

Mr Terry's unimpassioned Shylock is cleverly made up as a lemur, though the significance of this ring-eyed, furry-muzzled little creature escaped me. The chief disappointment of the midweek matinee was Fiona Shaw's perfunctory Portia. Patently harassed by her inheritance and that casket business, this Lady of Belmont knocks back the plunk and adopts Miss Shaw's native brogue—rather too rapidly for much character to emerge. She looks good in frock-coat and striped trousers; but there is

no more fire than in animated run-through.

Jessica is played by Rachel Jones, a graduate of RADA that now evidently teaches breathy intensity and plaintively drawn-out whining instead of police production. Her Lorenzo is her match in mannerism: Paul Rhys preens and postures so as to arouse dire misgivings for the future of their marriage. The tour's discovery may well be Paul McCleary whose dapper Young Colbo and trimly geriatric errors are stylish, intelligent and unexaggerated.

Much Ado finds the company in happier form. Ron Daniels's production has a slight touch of the contrived funnies—as when the eavesdropping Benedick wraps himself in a shawl and crawls round the garden—but, one rather gimmicky scene in a Turkish bath apart, relies on the comedy of character to remind us of the play's charm. Beatrice is right up Miss Shaw's street in its mixture of angular spinsterness, wit and ill-conceived warm-heartedness.

She plays well with Mr Terry's crusty pompous Benedick, a born bachelorette who can darn his socks. A straggly and un-military hairstyle clashes with the pre-Napoleonic uniforms, but the Terry-Shaw partnership excels at mellowness and adult self-discovery—that, with the costumes, recall an Austin novel. Simon Dutton is a strong villain (though a beefy unimpressive Bassanio in *Merchant*), Jacqueline Dankworth is a touching Hero. Mr Rhys's grubby white trousers (in two plays running) and the odd delayed lighting and thunder one are the only indications of the rigours of touring.

Martin Hoyle

## Opera

### Queen Christina sounds good

THE outstanding event of Stockholm opera this autumn is a new opera based on the life of the most famous Swedish historical personage, Christina, in two acts and 14 scenes, in a Swedish Royal Opera commission from Hans Gefors, the 33-year-old Swedish composer. There has evidently been exceptionally close collaboration between him and his librettist (the leading Swedish author and playwright Lars Forssell) and producer (Goran Jarvafelt, of Weib National Ring renewal)—the handsome libretto book published by the Royal Opera also contains a fascinating blow-by-blow record of the opera's four-year gestation period.

The result bears out this collaborative closeness. Christina is a big work for a big company: it requires a large cast and orchestra, lavish resources of costume and stage device, and above all the kind of professional ensemble that Stockholm still vigorously maintains.

Yet after no more than a single encounter, and in spite of the obvious difficulties that a non-Swedish speaker must suffer with an unfamiliar Swedish language work (and with only English scene-synopses to hand), I feel encouraged to pronounce Gefors a lively new voice on the operatic scene. It's

by no means clear where he will go from here; but wherever it is, it should be worth following.

A British visitor expecting the Swedish equivalent of *Gloriana* was firmly disabused of the notion well before the start. The libretto of Christina is a "dream play," a psychodrama on national themes. Historical epic was never its aim; the facts and events of Queen Christina's extraordinary life and personality are all theme—just juggled with, refracted, telescoped, at times even bent.

The nodal dramatic device of the opera—a splendid stroke of dramatic invention—is the triple presentation of the title role. Christina as brutally treated child (silent role), as woman (the largest part, alto), and in old age (mezzo). At the close, the three face each other in a memorable moment of dramatic encapsulation. Altogether, this is a striking libretto, powerfully imagined, lyrically and colourfully; but the structure is unwieldy (the first act, set in Stockholm, last an unbroken 90 minutes, followed by the hour-long Roman second part). The discontinuous narrative technique throws up some hardly and sometimes violently effective details, and some strong confrontations—between, for instance, the young Christina and the aged Descartes—

without in the end wholly justifying the psychological elaboration of the central character thus attempted.

Gefors is a "post-modernist." He uses, with lightfingered, immediate effectiveness, a large assortment of disparate musical materials—song and dance forms, choral-motet forms, solo-against-group forms, a quiet-with-chorus to close the first act. Seventeenth-century sounds and styles inform every respect of the score; an electronic tape sets the scenes in quotation marks; for the confrontations of leading characters the idiom engages with tonality without ever going the whole New Romantic hog about it.

In the range and scope of the opera one senses a compositional *glockenspiel Hand*—and very remarkable it is too, in someone so young and so untried; the scene between Christina and Descartes, which moves from grave historic sweetness to a more troubled language in parallel with their conversation, is perhaps its most startlingly fresh and unexpected example. Hence appears to have been a strong influence on the balance of "period" and present-day scoring techniques; similarly, there is a delight in all the things opera can do that is Henze-like (and that perhaps led Gefors to the over-elaborateness of his first act and the awkward pacing of his second). The lines sing, the instrumentation is "heard." With all its hazards the score has been a rewarding company task to tackle.

Max Loppert

## Cheltenham winds up with debate and song

THE LAST days of this year's festival drew perceptibly nearer to the year's expressed theme, and literature. No one wanted so far as to suggest that the theatre might itself be literature, though Martin Esslin, in a talk called "Theatre and Literature," conceded that plays might be written for reading as well as for acting.

Peter Gale combined the two factors in his piece about Gerard Manley Hopkins, in which he presented a biography of the poet as a one-man play, and very nicely too. The enthusiasm with which he read the poems hid the unavoidable fact that they are not always easy to understand. There was the annual Shakespeare Lecture, followed by a play, *Professor Barbara Hardy on Self-consciousness in Shakespeare's Art*. The previous evening, Richard Ingrams had told us, among other things, the origin of *Poenda's Corner*, and, though I learned something from Professor Hardy, I fear she might have slipped into that column had Mr Ingrams remained behind.

The theatre really came to the fore on Saturday, when Michael Billington presented the annual Cheltenham Prize. This very sensible award can go to a literary creation of any kind, and this year's went to Frank McGuinness for his play *Obsession*, the story of Ulster marching towards the Somme. Cheltenham must seem as alien to a Royal Court writer as Chichester, but Mr McGuinness settled down happily with us, and his award tucked, as it were, under his arm, joined the next discussion, a debate under Mr Billington's able chairmanship on Our Theatre in the Eighties.

The debaters were playwrights Edward Barker and Louise Page, actor Ian McDiarmid and actor-turned-director Di Trevis. They were (I think) at one in believing that our playhouses should present more new and better plays, and that more resources should be available to theatres out of London. These were exactly the thoughts that occupied us when I was on the Drama Panel of the Arts Council 20 years ago. What neither we nor this panel (which did not include anyone responsible for paying bills) was able to do was to devise a way of persuading the playgoers to come. To these new, better plays when they only wanted a happy evening out. John Doyle, the Artistic Director of the theatre on whose stage the debate was held, explained just how much of the Arts Council's money went on such trivia as heating, lighting, box-office staff and so on, but these are not artistic matters, and playwrights, actors

and directors can hardly be expected to attend to them.

Theatre occupied almost all the final day. There was Martin Esslin putting theatre in its literary place; there was a reading of Samuel Beckett's *Molloy* for two voices (Leonard Fenton and Sean Barrett), followed by a talk on Beckett by his publisher John Calder. In the evening there were two short one-act, one-actor plays by Howard Barker. "Don't knock 'em" magnificently staged by Ian McDiarmid apparently naked under his overcoat, presented the thoughts of a dead soldier who cannot understand what he died for. "The Breath of the Crowd" is a cycle of poems examining the relationship of the individual and the mass. Maggie Stead read it most beautifully, its first public hearing. I often disagree with Howard Barker's opinions, but I admire his writing more and more.

So much for the theatre. How about literature? There were talks, some of more interest than others, on William Morris's wife and daughter, on women short story writers, on women on women, on the way in which one embarked on a writing career (poet Ursula Fankhorst and novelist David Cook both made it sound easier than it generally is), on the adaptation of novels for television. Martin Stannard spoke on Evelyn Waugh, Michael Hoyrood on Virginia Woolf, Bey Mooney on George Eliot's journalism, Paul Muldoon on Patrick Redgrave, Penelope Shuttle, John Cooper, Clarke and Fiona Pitt-Kethley read their own verses.

The Cheltenham Lecture, an admirably uncommitted as the Cheltenham Prize, was given by Richard Ingrams. Naturally one expected him to talk about Private Eye and so he did, a bit, but he was more concerned with his ventures as a biographer. John Mortimer, he spoke about himself and his writing, with plentiful extracts read by himself with the wit and the style he can allow himself more freely outside the courts. P. D. James gave a very interesting talk on the art of crime and detective novels, two categories not quite the same. On Sunday evening the Festival wound up with a celebration for Laura Lee, the patron saint of Gloucester letters, in which 40 odd poems and tributes were read by the poets or by Cherie Lunghi and Leonard Fenton. Johnny Coppin at the synthesiser sang two of his own settings, one of Laurie Lee, one of Frank Mansell. I hated both of them, but I hope they become silver discs and make fortunes for the writers of the lyrics.

B. A. Young

## Radio

### Play with problems

against Pope Gregory IX. That is to say it dealt with people concerned about that, but the story was more interested in the love of Frederick's English wife and her lover Richard. As Jane Morgan directed it, the play suggested the 18th century rather than the 13th century, with an occasional dash into the late 20th—"Didn't you slip him a sleeping draught?" was a not uncharacteristic line. Edward de Souza gave a good reading as the Emperor's Chancellor, Peter della Vigna.

On Monday Radio 4 gave an untypical Monday play, Dawn Lowe-Watson's *The Crossing-keeper's House*. Laura (Jennie Stoller), caught in a snowstorm, takes refuge in an isolated house occupied by a single man, Adrian (Richard Pasco). He is withdrawn, she is bossy and inquisitive. They very slowly get to know one another well enough to share a bed. The snow melts. Miss Lowe-Watson should have remembered Chekhov's rule that, if there is a gun on the wall, it must be fired. She included a noisy cat, a nightmare about death on the ice, a helicopter flying over the

house. None of them had anything to do with the story. The playing was fine, but I lost interest in the two only-topredictable characters in their only-topredictable situation very early. Cherry Cookson was the director.

Mike Stott's *Dead Men* on Radio 3 on Tuesday was a revival, worth reviving, of a glimpse of life in the home of Michael Bakunin, the 19th-century anarchist, in his post-revolutionary days in Locarno. He writes ceaselessly, and translates the writing of others, but he is out of love with the revolutionary leaders, especially "Dr Marx." His chattering, lethargic household is joined by the young Nechaev; the reaction is encapsulated in this exchange: "He is the only man ever, in history, to have escaped from the Peter and Paul prison!" "Well done!" The conversation is beautifully written, the latent reaction between the talkers and the doers well imagined. Freddie Jones played Bakunin, Alfred Bradley was the director.

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B. A. Young

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Soccer: Brian Bollen on Luton's brave attempt to combat hooliganism

Luton puts fun back into football

ARE THE Hatters mad? Or does Luton Town Football Club's ban on away fans demonstrate one way of saving soccer from death by hooliganism? Many people feel that the Football League Management Committee is foolish for expelling Luton from the Littlewoods Cup after the club refused to bow to rules which insist that 25 per cent of match tickets be made available to visiting fans, especially as the club has received qualified approval to operate its members only scheme in the vastly more prestigious FA Cup.

in organised violence. We allowed no visiting supporters in the stand last season, and this worked very well in the league. When we relaxed it for an FA Cup tie against Bristol Rovers in January, there was a stabbing, and 400 season ticket holders left before kick-off.

After just five games, the current ban on away fans looks a winner. The facilities at the ground might be little more than adequate, and the stadium's lack of design might give Terence Conran fans apoplexy, but it's suddenly a fun place to spend Saturday afternoon, even if the football is less than enthralling, as in the goalless draw with Norwich a fortnight ago.

What do other clubs think of Luton's attempt at purging hooliganism from what Fels called "the beautiful game"? Norwich are broadly in favour of a membership scheme, and effectively run one already for their new 3,000-seater stand. But manager Ken Brown comments: "What disturbs me is that it is a success, and the likes of Margaret Thatcher going to insist this is what clubs must do? It could cause trouble. How do you keep Manchester United and Manchester City fans apart?"

Speaking after a match that had put Norwich briefly on top of the league for only the second time in their history, Brown drew attention to the unfortunate side effects of the scheme: "I feel sorry for our genuine supporters who've wanted donkeys' years for this and can't be here any more. Am I against the ban? I don't favour it. It will just push violence somewhere else."



Southampton Town manager, Chris Nicholl, who saw his team go down 2-1 at Luton in the second game of the season, feels it's an interesting experiment, but one with obvious drawbacks. "At big games, with a lot of fans and a good atmosphere, the away team is up against it anyway. It could be overwhelming if you have 100 fans heading you at all. Luton have fewer fans than other clubs but what would it be like in a Cup quarter-final with a full house. It must be unfair."

Leeds United, often in the headlines because of the thuggery of a section of their following, support the concept of a membership scheme. But club secretary David Dowse feels Luton have gone just too far. "Luton have not necessarily found the answer, but it may suit them - and I applaud them in their efforts," he says. Queen's Park Rangers manager Jimmy Smith has mixed feelings and shows particular concern about the implications for basic civil rights. "Something has to be done to stop the boogian element. But where they want to go, it's a sad day for football and for the people of a western democracy."

Some argue that banning fans is giving into the boogian but 10m fans have given into this small minority and deserted the game over the last 10 years. Luton's move could reverse that trend and it has the backing of Prime Minister Margaret Thatcher and Sports Minister Dick Tracey. John Smith feels that the experiment is working already. "After five games the effort and hard work are paying dividends," he says. However, total attendance this season is slightly down. Last year, the average crowd at Luton was just over 11,000, with home fans numbering 9,414 and away fans 1,630. The average crowd in 1986/87 to date is 9,523 which shows that the locals are slowly filtering back. This is clearly promising, especially as today's visit by Liverpool is the first this season by a real crowd puller.

AT 9.30 this morning the world indoor cricket champions will step out on to the mock-grass surface of the Lords indoor cricket school to make their first defence of their title since winning it last winter. I shall have a privileged view of the proceedings as I shall be playing in the opening match for the champions, the renowned Lord Gnome's XI.

Just how a team with a silly name and with middle-aged journalists of modest cricketing ability playing for it became world champions of anything clearly requires an explanation. Our team was formed in the remote days of 1971 by the staff of the satirical magazine Private Eye. If it seems inconsistent that a group of people supposedly devoted to excoriating establishment values should do anything so bourgeois and conformist as play cricket, it should be remembered that Private Eye was mostly written by former public schoolboys who retained distant longings for aspects of the backgrounds they affected to despise.

The team was naturally known as Private Eye CC, and in pursuit of some rural idyll that again betrayed its members' ideological ambivalence—played most of its matches on village greens in Oxfordshire. Before long the Private Eye gaddies moved on to new and more fashionable pursuits, such as snooker, tap-dancing and lay preaching. The team survived, its places filled by friends and friends of friends—I was one—until we had only one true Private Eye member left.

Discerning that they believed us to be famous humorists instead of a collection of journalists, artists and other suburban layabouts, we felt obliged to change our name. Eobosing Lord Gnome's XI after Private Eye's mythical proprietor. In the past ten years, we have built up a full and diverse fixture list, retaining a strong sense of our roots through the two bank-holiday tours we make to Oxfordshire. And while following old together—most of us are now over 40—we have managed to maintain and even improve our skills.

Such is our enthusiasm that we all die a little when each September brings the end of outdoor cricket, aware that the number of seasons left to us can only be dwindling. We attempt to bridge the winter months, when darkness and soccer hooligans rule the land, by practicing once a week in the nets of the MCC's indoor school at Lords—now the venna of the world indoor cricket championship. Two years ago a new version of cricket arrived from Australia. Fast and furious, it is played with a soft (well, softish) ball in an indoor court 30 yards long and 15 wide. There are eight players per side, all of whom have to bat—

Indoor Cricket: A likely tale, by Peter Gilman

We are the champions!

cricketers and who treated us with a certain disdain. Last winter we reconsidered our tactics, and realised we had the perfect combination of youth and wisdom at our disposal. Our young players became our shock troops, batting aggressively and fielding in close positions; our old men relied on experience and guile. We won eight matches out of nine and topped the league by a considerable margin. We also laid claim to the title of world indoor champions. It is true that our claim has not received official recognition, but who else could the world champions be, other than the winners of the competition staged at the headquarters of cricket in London?

one wants to beat. However, we shall be playing under a considerable handicap, for Lords have changed the rules. While every other indoor league in Britain is sticking to the Australian rules, teams at Lords have been reduced from eight to six a side, batsmen are no longer limited to four overs, and not everyone has to bowl. It will be far easier for good cricketers to dominate a game to the detriment of balanced teams of more modest abilities such as ourselves. Deep down, we suspect that Lords were not happy that a team with a name and provenance like Lord Gnome's XI should be allowed to win anything. But we have limited cricketing experience. We shall press on, regardless, showing that we at least know how to play the game.

F.T. CROSSWORD PUZZLE No 6,160

Crossword puzzle grid with clues for Across and Down. Clues include: 1. Taking action about news media appearing so gloomy (9); 6. Give instruction to a pirate (5); 9. Walk up this passage to a wedding (5); 10. Temperate but bent—isa't a conifer (9); 11. Dispatch on a journey (10); 12. Some avoid leisure activity, being lazy (4); 14. A man who's clever with words turns PE into a shambles (7); 15. The most thresome of the French start looking in case (7); 17. Edward's out of debt—gets boring (7); 19. Pen tip required by a certain kind of writer (7); 20. Bearing with aghast, a good man (4); 22. "...a the very bond of love." Shakespeare (The Winter's Tale) (10); 25. Roisterer—dreadful bully (9); 26. The novice has a place in Tibet (5); 27. A complaint involving fifty boats (5); 28. The income maybe went, and men do badly (9).

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4DF. Solution next Saturday.

Answers to the crossword puzzle. Across: 1. Taking action about news media appearing so gloomy (9) - MEDIA; 6. Give instruction to a pirate (5) - BARK; 9. Walk up this passage to a wedding (5) - WALK; 10. Temperate but bent—isa't a conifer (9) - CEDAR; 11. Dispatch on a journey (10) - DISPATCH; 12. Some avoid leisure activity, being lazy (4) - LAZY; 14. A man who's clever with words turns PE into a shambles (7) - PEPPER; 15. The most thresome of the French start looking in case (7) - CASUAL; 17. Edward's out of debt—gets boring (7) - BORING; 19. Pen tip required by a certain kind of writer (7) - QUILL; 20. Bearing with aghast, a good man (4) - GASP; 22. "...a the very bond of love." Shakespeare (The Winter's Tale) (10) - WINTER; 25. Roisterer—dreadful bully (9) - BULLY; 26. The novice has a place in Tibet (5) - TIBET; 27. A complaint involving fifty boats (5) - FIFTY; 28. The income maybe went, and men do badly (9) - MEN.

SATURDAY

Indicates programme in black and white. BBC 1: 8.30 am The Family News, 8.36 The Muppet Babies, 9.00 Saturday Superstars, 12.15 pm Grandstand including 1.00 News, Football Focus, 2.00 News, 2.15 pm San Remo, 2.30 News, 2.45 Boxing, 4.45 Results Service, 5.00 News, 5.15 pm News, 5.30 News, 5.45 News, 6.00 News, 6.15 News, 6.30 News, 6.45 News, 7.00 News, 7.15 News, 7.30 News, 7.45 News, 8.00 News, 8.15 News, 8.30 News, 8.45 News, 9.00 News, 9.15 News, 9.30 News, 9.45 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News.

TELEVISION AND RADIO

4C WALES: 10.05 am Union World, 10.35 A Week in Politics, 11.15 What the Papers Say, 12.05 pm News, 1.00 pm News, 1.15 pm News, 1.30 pm News, 1.45 pm News, 2.00 pm News, 2.15 pm News, 2.30 pm News, 2.45 pm News, 3.00 pm News, 3.15 pm News, 3.30 pm News, 3.45 pm News, 4.00 pm News, 4.15 pm News, 4.30 pm News, 4.45 pm News, 5.00 pm News, 5.15 pm News, 5.30 pm News, 5.45 pm News, 6.00 pm News, 6.15 pm News, 6.30 pm News, 6.45 pm News, 7.00 pm News, 7.15 pm News, 7.30 pm News, 7.45 pm News, 8.00 pm News, 8.15 pm News, 8.30 pm News, 8.45 pm News, 9.00 pm News, 9.15 pm News, 9.30 pm News, 9.45 pm News, 10.00 pm News, 10.15 pm News, 10.30 pm News, 10.45 pm News, 11.00 pm News, 11.15 pm News, 11.30 pm News, 11.45 pm News, 12.00 pm News.

SUNDAY

Indicates programme in black and white. BBC 1: 8.55 am Play School, 9.15 Antiques of Faith, 9.30 This is the Day, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 1.00 pm News, 1.15 pm News, 1.30 pm News, 1.45 pm News, 2.00 pm News, 2.15 pm News, 2.30 pm News, 2.45 pm News, 3.00 pm News, 3.15 pm News, 3.30 pm News, 3.45 pm News, 4.00 pm News, 4.15 pm News, 4.30 pm News, 4.45 pm News, 5.00 pm News, 5.15 pm News, 5.30 pm News, 5.45 pm News, 6.00 pm News, 6.15 pm News, 6.30 pm News, 6.45 pm News, 7.00 pm News, 7.15 pm News, 7.30 pm News, 7.45 pm News, 8.00 pm News, 8.15 pm News, 8.30 pm News, 8.45 pm News, 9.00 pm News, 9.15 pm News, 9.30 pm News, 9.45 pm News, 10.00 pm News, 10.15 pm News, 10.30 pm News, 10.45 pm News, 11.00 pm News, 11.15 pm News, 11.30 pm News, 11.45 pm News, 12.00 pm News.

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4C WALES: 10.05 am Union World, 10.35 A Week in Politics, 11.15 What the Papers Say, 12.05 pm News, 1.00 pm News, 1.15 pm News, 1.30 pm News, 1.45 pm News, 2.00 pm News, 2.15 pm News, 2.30 pm News, 2.45 pm News, 3.00 pm News, 3.15 pm News, 3.30 pm News, 3.45 pm News, 4.00 pm News, 4.15 pm News, 4.30 pm News, 4.45 pm News, 5.00 pm News, 5.15 pm News, 5.30 pm News, 5.45 pm News, 6.00 pm News, 6.15 pm News, 6.30 pm News, 6.45 pm News, 7.00 pm News, 7.15 pm News, 7.30 pm News, 7.45 pm News, 8.00 pm News, 8.15 pm News, 8.30 pm News, 8.45 pm News, 9.00 pm News, 9.15 pm News, 9.30 pm News, 9.45 pm News, 10.00 pm News, 10.15 pm News, 10.30 pm News, 10.45 pm News, 11.00 pm News, 11.15 pm News, 11.30 pm News, 11.45 pm News, 12.00 pm News.



Alexandra Pigg and Spencer Leigh in Smart Money, BBC1 9.05 pm

4C WALES: 10.05 am Union World, 10.35 A Week in Politics, 11.15 What the Papers Say, 12.05 pm News, 1.00 pm News, 1.15 pm News, 1.30 pm News, 1.45 pm News, 2.00 pm News, 2.15 pm News, 2.30 pm News, 2.45 pm News, 3.00 pm News, 3.15 pm News, 3.30 pm News, 3.45 pm News, 4.00 pm News, 4.15 pm News, 4.30 pm News, 4.45 pm News, 5.00 pm News, 5.15 pm News, 5.30 pm News, 5.45 pm News, 6.00 pm News, 6.15 pm News, 6.30 pm News, 6.45 pm News, 7.00 pm News, 7.15 pm News, 7.30 pm News, 7.45 pm News, 8.00 pm News, 8.15 pm News, 8.30 pm News, 8.45 pm News, 9.00 pm News, 9.15 pm News, 9.30 pm News, 9.45 pm News, 10.00 pm News, 10.15 pm News, 10.30 pm News, 10.45 pm News, 11.00 pm News, 11.15 pm News, 11.30 pm News, 11.45 pm News, 12.00 pm News.

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